

Steel strike called for January 2 over 2 pc offer

A national steel strike for January 2, was called last night after steel workers said they were pushed "to the brink" by a 2 per cent wage offer. The British Steel Corporation said the strike would be "a tragedy".

First all-out action since 1926

By Paul Routledge, Labour Editor

An official national steel strike effective from January 2, was called last night by leaders of the largest union in the industry, the Iron and Steel Trades Confederation.

The 21-member executive of the confederation called the first all-out steel strike since the 1926 general strike after being urged to do so by the union's general secretary, Mr. William Sims.

Mr. Sims said the union's members feel they have been pushed to the absolute brink by the corporation. BSC has extolled its sacrifices over the years of restructuring and closing down plants, and while men feel the need to work, they do not see the security in the industry unless we can show some results.

"We firmly believe that our cooperation has been seen to be a sign of weakness, and while we recognize that the corporation is not making overall profits, it is producing and quite profitably in many plants."

British Steel, which last week reported half-yearly losses of £145m, also said £5,000 more jobs in the industry, and ISTC leaders last night rejected the new closure programme.

They are ready to offer a "working week" of reduced pay if the corporation can share out the work, but argue the BSC is asking "the core of the industry" in South Wales, Scunthorpe and County Durham.

Mr. Sims said the ISTC will seek support for its strike from other unions in the industry, and from the International Metalworkers Federation. "We will put pickets wherever they are necessary, regardless of Mr. Prior. We will also ask for full support from our members and the miners."

The call for support from elsewhere in the industry will be discussed at a meeting of the company's 45 terminals which were last night working normally, would be "made aware of the decision". He added: "The idea is to have the other terminals working."

The decision came after shop stewards had heard a full report of the eight-and-a-half hours of strike talks with the management which finished yesterday.

Mr. Ashwell said the company had been "foolish" during the talks to reject a union proposal for arbitration. The company apparently said the union was making "leaves" routing, and the use of contract

TUC leader denounces proposals as 'unfair' and predicts strikes to regain rights

Employment Bill aims to limit 'extreme behaviour' on picket lines

By Paul Routledge, Labour Editor

The Government unveiled its proposals yesterday to reform trade union law against a background of welcome from employers and opposition from union leaders.

Introducing the Employment Bill, Mr. James Prior, Secretary of State for Employment, said the aim was to bring some common sense into industrial relations and to help prevent "extreme behaviour which goes beyond the limits of what is acceptable in the law."

His main provisions are to encourage the wider use of secret ballots in union affairs; to limit lawful picketing to a picket's own place of work; to provide greater protection for employees affected by a closed shop; to establish codes of practice on the closed shop and picketing; to provide protection against "coercive" trade union recruitment; and to encourage employers to create new jobs.

But the Department of Employment is still reviewing trade union immunities, and further narrowing of trade unionists' rights to take action with impunity under the civil law may be introduced.

Mr. Len Murray, general secretary of the TUC, denounced the Bill as "irrelevant and grossly unfair" and predicted that unions would seek to regain

through collective bargaining, and by "perfectly proper" strikes if necessary, the employment rights that the legislation will remove.

He went on: "I am absolutely convinced that this legislation, if it becomes an Act, will have to be removed by Parliament itself, and I would guess that the reasons for that will be the reaction, resentment and pressure of employers as much as unions. If I have anything to do with it, we shall be asking the Labour Party to give us an absolute assurance of repeal."

The TUC's employment policy and organization committee meets tomorrow to examine the Bill in detail and decide on further action.

Industries gave a general welcome to the Bill which the employers' feel hits the right targets. Sir John Mowbray, director-general of the CBI, said that subject to minor reservations, it seemed an important step in tackling abuses of the law which had been damaging to business and industry. It should help to improve the hopes for economic recovery.

The Bill provides for state funds for secret ballots held by unions on election to office, the calling and ending of strikes or other industrial action, and amending union rules and amalgamations.

That part of the Bill is likely to prove the least contentious. The electricians' union has already said it will accept public funding for the ballots it already holds, and the Amalgamated Union of Engineering Workers is likely to follow suit.

The Government expects that the postal ballot scheme will cost around £2m a year when fully established; £1m in the first year.

Much more controversial is the Government's intention to give workers employed or seeking employment where there is a closed shop the right not to be unreasonably excluded or expelled from a trade union.

That will be buttressed by further amendments to the law introduced by the Labour Government.

The law relating to unfair dismissal will also be amended to shift the burden of proving a dismissal was unfair from the employer to the employee.

Mr. Prior proposes to define "peaceful picketing" to remove from legal immunity the secondary picketing which was a feature of last winter's lorry drivers' strike. Pickets and their unions will now be open to civil actions for damages.

Mr Haughey hints at withdrawal call to UK

From Christopher Thomas, Dublin

Mr. Charles Haughey, the Irish Republic's new Prime Minister, hinted strongly last night that he proposed to return his party to its 1975 policy statement of seeking a British declaration of withdrawal from Ulster.

That declaration was substantially watered down by Mr. Jack Lynch, the outgoing Taoiseach, but still officially stands as a central pillar of the Irish Republic's policy.

However, Mr. Haughey's remarks with a forthright condemnation of violence and terrorism.

"I condemn the provisional IRA and all its activities," he said.

His party supporters, who were crowded behind him at a press conference in Leinster House, cheered and clapped loudly at this first outright attack on the IRA heard from Mr. Haughey in some years.

The reputation of the new Prime Minister is that of a hard liner, but he appeared to be trying to present himself as a more conciliatory figure yesterday.

He would be happy to talk to Mr. Thatcher, the Rev. Ian Paisley, and the Official Unionists, he said. Peace was a goal, he made it clear, that he held high.

His policy on the North would be a very far cry from the "policy" of the present Government, he said. He would not be drawn on the details, but promptly rejected the suggestion that he was taking power devolution to Northern Ireland as "inadequate" from the point of view of the Roman Catholic minority.

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Mr. Charles Haughey after his election yesterday as the Irish Republic's new Prime Minister.

parliamentary party assembled, and it appears that he is in the extraordinary position of capturing the votes of no more than two members of the present Cabinet.

He will be spending the weekend considering what Cabinet changes to make when he is officially installed as Prime Minister on Tuesday, but he indicated that at this stage he might present no more than a minor reshuffle.

He may at some stage, however, choose to settle some old scores from the days of the 1970 scandal.

On Ulster, he was specific: "We want to bring about unity and an end to violence and towards this end we would like a British commitment to disengage from Northern Ireland, from this country."

His outright rejection of the Provisional IRA is undoubtedly his most unequivocal statement on terrorism since the arms trial.

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Tories to increase pay beds in hospitals

By John Roper, Health Services Correspondent

The provision of private medical care will become easier and the raising of voluntary funds to help the National Health Service will be encouraged under the National Health Services Bill, introduced yesterday.

It implements the Tory pledge to see that pay beds are available in hospitals, where there is a demand for them, and abolishes the Health Services Board, which was given the task of phasing out pay beds and restricting private practice by the last government.

The Bill gives power to the Secretary of State for Health and Social Security to simplify the structure of the NHS. Area health authorities are likely to be replaced by a single tier of health authorities, but the final form will await discussions on a consultative document to be published next Tuesday.

The control of private hospital developments will be transferred from the Health Services Board to the Secretary of State, and changed.

The present limit on the number of beds a private hospital may provide (100 in Greater London and 75 elsewhere) will be raised to 120, and will be exempted from the number of beds in private hospitals where the increase is less than 20 per cent in a three-year period.

But the Bill gives the Secretary of State new reserve discretionary power which would enable him to designate areas where all private hospital developments would have to be authorized. This means a recommendation by the Royal Commission on the NHS that there should be power to investigate the effect on the NHS of several small developments.

Under the Bill health authorities will no longer be prevented from directly promoting fund-raising appeals. They will be able to make grants to local authorities for personal social services.

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Mr Vance seeks allies in Bonn and London over Iran money war

By Peter Norman, Washington Correspondent

Mr. Cyrus Vance, the United States Secretary of State, arrives in London on Monday for meetings with the Foreign Secretary, Lord Carrington, and Mrs. Margaret Thatcher, when he is likely to step up pressure on Britain to back Washington's economic war against Iran.

Mr. Vance will fly on to other European capitals to deliver the same message and attempt to ally international disquiet over American actions. He is expected in Bonn on Tuesday.

Sources in Bonn said yesterday that West Germany does not intend to get involved with United States policy of imposing economic sanctions on Iran, although they conceded that Thursday's visit by a high-level American mission had helped clear the air.

The Germans doubt that in using the money weapon the United States has adopted the right policy to free the hostages held in the American embassy in Tehran.

They do not believe the Ayatollah Khomeini is in any way impressed by the freezing of Iranian assets in United States banks or the action of the Morgan Guaranty Trust Company against Krupp.

It is strongly felt that the Americans behaved precipitately in including the foreign branches of their banks in the assets freezing order and by attaching the Iranian's West German industrial assets.

Although officials in London are unwilling to comment on either the freezing or the many legal writs now flying over Iran's assets in American banks in Britain, it is clear that they are extremely unwilling to be drawn any further in the "money war".

It is likely that concern in official British circles influenced the decision of the American Chemical Bank to modify its injunction against Iran on Thursday.

This had frozen all of Iran's assets in London—totaling about \$4,000m—to cover Chemical's \$50m share of a \$500m loan declared in default.

The modification means that much less money is frozen: \$510m of a National Water Council loan to the Government of Iran, and \$510m of bank deposits by the central bank of Iran.

Further evidence of the division between the American banks and those of Europe and Japan came yesterday with the calling of a meeting at Chase Manhattan Bank to discuss a \$500m Iranian loan declared in default.

Some members of the syndicate which raised the loan were unhappy about the declaration, but no decision was made to revise it. Arrangements to cancel the loan are being discussed, beginning on Monday, to discuss this and other syndicated loans managed by Chase, European and Japanese banks are believed to have resisted declaring default on these.

Bank Melli of Iran announced yesterday that it had filed a writ in London against First National Bank of Chicago for the repayment of \$511,750. This is the latest in the series of writs challenging the legality of the American moves.

In Bonn it is argued that there is no legal basis for the American action.

The Germans also see the attachment of Iran's assets in Krupp and Babcock as using a monetary weapon to create a crisis.

The attachments against Krupp are in connection with alleged defaults totalling \$66m (about £20m) and compare with the DM870m (about £231m) that the ousted Shah paid for his 25.01 per cent stake in Krupp.

The two special envoys from Washington, Mr. Richard Cooper, Under-Secretary of State for Economic Affairs, and Mr. Anthony Solomon, Under-Secretary responsible for international monetary affairs, want to Switzerland yesterday from West Germany in further moves to explain the American case.

The Swiss are taking a particularly dim view of the American action, which is seen as encroaching on their sovereignty and threatening international monetary stability.

Complaints in Switzerland about "super patriotism" and "cowboy behaviour" on the part of the American banks and their allies, yesterday from West Germany in further moves to explain the American case.

Meanwhile, it emerged yesterday that West Germany is no longer offering guarantees on export credits to companies exporting to Iran.

Although there are sound reasons of self-interest for such a step, the move may be presented to Mr. Vance as a token of solidarity.

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Shop stewards vote to continue Shell strike

By Donald Macintyre, Labour Reporter

Shop stewards representing Shell tanker drivers yesterday voted to continue the strike which the company says has cut its supplies of oil and petrol to under a third of normal levels.

The decision to prolong the dispute over the use of contract labour came last night after hours of discussion at the headquarters of the Transport and General Workers' Union which represents Shell's 1,500 tanker drivers and 500 terminal staff.

Mr. Jack Ashwell, national TGWU officer for road haulage, said that workers at 11 out of

the company's 45 terminals which were last night working normally, would be "made aware of the decision". He added: "The idea is to have the other terminals working."

The decision came after shop stewards had heard a full report of the eight-and-a-half hours of strike talks with the management which finished yesterday.

Mr. Ashwell said the company had been "foolish" during the talks to reject a union proposal for arbitration. The company apparently said the union was making "leaves" routing, and the use of contract

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labour were a management prerogative and could not be determined by an outside body. Mr. Ashwell said last night that it would be up to the company to decide how it would accept the use of outside contractors.

The impact on supplies has been sharpened by an overtime ban and works-rule by Esso tankers, drivers who have rejected a pay offer of about 22 per cent.

Mr. Ashwell was adamant that the dispute involving Shell drivers was not a matter of broadly similar offer, but a completely separate from the pay issue and confined to the grievance about the use of contract labour.

The TGWU executive did not make the Shell dispute official this week.

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suspended last week for refusing to accept the use of outside contractors.

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Plea by Lord Soames to 'turn from war'

By David Spanier, Diplomatic Correspondent

Lord Soames, the newly appointed Governor of Rhodesia, said last night that his hope was to substitute the ballot box for the rifle. Although he had no direct experience of Africa, he said he would not lack for wise advice.

Asked why he accepted such a challenging appointment, Lord Soames said: "If I can play any part in helping Rhodesia, which has suffered so much, to return to normality, to be able to bygone, to turn away from war towards politics and free and fair elections, and to come to majority rule through the ballot box without reaching for rifles, then I would have contributed something worth contributing."

He did not minimize the difficulties, he said, but he was going to Rhodesia with considerable confidence. "It is the sort of job, if you are asked to do it you do it."

Lord Soames, who was making his first appearance before the press after the announcement of his appointment, left open the question whether he would be flying to Salisbury, before the details of the ceasefire were finally agreed in London. His hope is to leave "in the next few days."

Lord Carrington said the details were obviously important.

The Patriotic Front warned Lord Soames yesterday not to venture around Rhodesia before a ceasefire is agreed. "Anyone who loiters in our operational area is fair game," a spokesman said in London.

He should go to Salisbury and stay in Government House.

"If he loiters around in our operational areas there is no way for anyone to know that the ceasefire is agreed," Lord Soames said.

Asked about this later Lord Soames laughed and said: "It's a hypothetical situation."

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Secessionist rebels seize Caribbean island

From Michael Leupman, New York, Dec 7

Several dozen rebels seized control today of Union Island in the Caribbean in an apparent attempt to secede from the newly independent state of St. Vincent. They made an armed attack on a police station, forcing the police to flee in a boat according to a Government spokesman.

An urgent appeal from Dr. Milton Cato, the Prime Minister, the neighbouring island of Barbados sent a contingent of troops which arrived in St. Vincent at lunch time. They are expected to invade the island and wrest control from the rebels, who have blocked the airstrip.

An aircraft carrying 40 policemen from St. Vincent was fired on as it tried to land, but

the shots did not hit it. It landed on nearby Palm Island, where according to some reports a sympathetic revolt also broke out.

The insurrection is believed to have been provoked by last Wednesday's election in which the ruling Labour Party, led by Dr. Cato, won 11 seats and the opposition New Democratic Party two.

Mr. Cato, when I reached him by telephone this afternoon, seemed anxious to play down the incident. "I think we shall soon have it under control," he said.

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EMPLOYMENT BILL

Improvements in industrial relations sought

By Our Labour Staff

The Employment Bill, published yesterday, implements the Government's commitment to restore the balance in industrial relations. Introducing the proposed legislation, Mr James Prior, Secretary of State for Employment, said: "The Bill does not create any miracle cure for the chronic ailments that plague the nation's economic performance."

"But it will create a better opportunity for management and unions to get on with making the improvements in industrial relations that the nation so urgently needs."

The main purposes of the Bill are:

To encourage the wider use of secret ballots in trade union affairs.

To provide greater protection for employees affected by the closed shop.

To limit lawful picketing to a picket's own place of work.

To enable the Government to establish codes of practice on the closed shop and picketing.

To provide protection against "coercive" trade union recruitment.

To amend employment protection law to encourage employers to create new jobs.

Mr Prior said at a press conference: "I believe the proposals in the Bill will help management to get on with the job of managing and give trade unions the chance to restore the public's confidence and their members' faith in them. I hope that both will respond."

"Since publishing our working papers, we have had the considered views of many people and organizations. The Government has been greatly helped in drafting the legislation by these comments and hopes that similarly reasoned responses will be made to the Bill."

"No doubt some will say that we have gone too far, others will say not far enough. But I will leave the majority of people to see this Bill as a means of creating a better industrial climate and that our approach is fair-minded."

The contents of the Bill are summarized below.

Ballots and codes of practice

Clause 1 of the Bill would empower the Secretary of State to make by regulations a scheme administered by the certification officer providing for payments towards the cost of secret union ballots.

Qualifying unions would have to be those certified as independent under the terms of the Trade Union and Labour Relations Act, 1974.

Unions could be subsidized would include those for calling or ending a strike or other industrial action, elections to the executive or other governing body of a union, elections of full-time officials, changes in union rules, and amalgamations of unions or transfer of engagements under the Trade Union (Amalgamations) Act, 1964, or other purposes which the Secretary of State could specify by order.

Clause 11 would enable the Secretary of State to issue codes of practice containing practical

guidance for promoting the improvement of industrial relations. A failure by any person to observe any provision of a code of practice so issued would not of itself render him liable to proceedings.

But in any proceedings before a court, an industrial tribunal, or the Central Arbitration Committee, any such code would be admissible in evidence, and any provision of the code that appeared to be relevant would be taken into account.

Before issuing or revising a code, the Secretary of State would be required to consult with the Advisory, Conciliation and Arbitration Service, and publish a draft of the code.

The codes would then be subject to approval by both Houses of Parliament.

Clause 12 would provide that in deciding whether an employer had carried out a dismissal fairly, an industrial tribunal should take into account the circumstances, including the size and administrative resources of the employers' undertaking.

The Bill would also remove from the employer the onus of demonstrating to the tribunal that he acted reasonably in treating the reason for dismissal as justifying dismissal. It would be for the tribunal to decide whether the employer acted reasonably in all the circumstances "in accordance with equity and the substantial merits of the case."

Clause 13 of the Bill would exempt new firms with fewer than 20 employees from the unfair dismissal provisions for the first two years after they took on their first employee. During that period, employers would be liable to pay compensation towards the cost of unfair dismissal, but they would be able to exercise their right to claim unfair dismissal only after the two years expired.

The exemption would cease if at any time the firm recruited more than 19 employees. Employers would be able to claim exemption only if they told their employees in writing, before recruitment, of the effect of the exemption and the date on which it expired. The exemption would not cover cases of dismissal on account of trade union membership, or on certain other grounds.

The Bill would reduce from two years to one the minimum length of a fixed-term contract in which employees may, at present, agree to waive their right to complete of unfair dismissal if they are not re-engaged on the expiry of the contract. The unfair dismissal provisions would still apply to dismissal during the period of the contract.

The Bill proposes several changes to the provisions on the basic award of compensation for unfair dismissal, and provides for the calculation of the basic award of compensation on the same basis as redundancy payment.

It would empower tribunals to reduce the basic award in cases where the employee had

unreasonably refused an offer of reinstatement from the employer; or on grounds of the employee's conduct wider than the stated grounds for dismissal. The minimum entitlement to two weeks' pay would be abolished.

If in proceedings before an industrial tribunal the employer claimed that (a) he was induced to dismiss the employee by pressure which a trade union or other person exercised on him by calling a strike or other industrial action, or by threatening to do so, and (b) that the pressure was exercised because the employee was not a member of any trade union, the employer would be able to require the person who he alleged exercised the pressure to be joined as a party to the proceedings.

Clauses 3 and 4 of the Bill deal with the closed shop. The Bill would give a person who is, or seeks to be, in employment where there is a union membership agreement (closed shop) the right not to be unreasonably excluded or expelled from a trade union.

This new right would be additional to present common law rights.

Complaints of infringement of the right would be heard by industrial tribunals, which would be required to consider the matter on its merits and not just on the particular union rule which applied.

Tribunals would have the power to declare complaints well founded and there would be a right of appeal, either on the facts or on points of law to the Employment Appeal Tribunal.

A person who had made a complaint against a trade union which had been declared by an industrial tribunal, or on appeal, by the EAT, to be well founded, may make an application for an award of compensation to be paid to him or her by the union.

Limits imposed on compensation

If at the time of the application the person had been dismissed or required to leave the union against which the complaint, the application would be to an industrial tribunal; and if not, to the EAT.

In that case compensation would be what the EAT considered to be a reasonable amount and would be subject to a higher maximum award.

The complainant would be under the normal duty to mitigate loss arising from exclusion or expulsion from a trade union and a tribunal would also be able to reduce the amount of compensation where a complainant's action contributed to his exclusion or expulsion.

Where a tribunal awarded compensation it would be limited to the same maximum applying in unfair dismissal cases. Where the EAT awarded compensation that would be limited to the higher maximum which applies in unfair dismissal cases where employers have not complied with a tribunal's reinstatement or re-engagement award.

It is expected that the maxi-

mum compensation would be £16,000.

Clause 6 of the Bill would enlarge the grounds on which dismissal for non-membership of a trade union is to be regarded as unfair where there is a closed shop. Dismissal of an employee in such circumstances would be regarded as unfair if the person objected on grounds of conscience or other deeply held personal conviction to being a member of any trade union whatsoever or of a particular trade union.

Dismissal would also be regarded as unfair if an employee was not at the time of the closed shop agreement, a member of the union specified by it, and had not been a member since.

A closed shop agreement would be taken to have been approved if a ballot had been held on the question whether the agreement should apply in relation to affected employees and not less than 80 per cent of those entitled to vote in the ballot voted in favour of the agreement's application.

A ballot under this section of the Bill would be conducted to ascertain that, as far as reasonably practicable, all those entitled to vote had an opportunity of voting, and of doing so in secret.

An employee would not be entitled to return to work after confinement if she did not comply with new conditions in clause 10.

These are: that she would have to give written notice before she leaves the shop; she would have to give 21 days' notice of intention to return to work; instead of seven days at present; and she would have to give additional written notification soon after confinement if this was requested by the employer.

Section 56 of the 1978 Act ("failure to permit women to return to work after confinement treated as dismissal") would not apply in certain circumstances.

However, that would not affect any contractual rights the employee may have.

The circumstances in which the section would not apply are where a small firm with fewer than six employees found it was not reasonably practicable to take her back in her old job or to offer alternative work; or where a firm found it was not reasonably practicable to offer her old job, but offered a suitable alternative which she accepted or unreasonably rejected.

The new clause is a departure from the Government's consultative document, which suggested that firms with fewer than 20 employees should be exempt.

No coercion to join a union

Clause 13 of the Bill would also extend to an employee who is dismissed on grounds of conscience or other deeply held personal conviction to membership of any, or a particular, trade union, the rights not to have action short of dismissal taken against him with the intention of forcing him to join a trade union.

The Bill provides a new definition of lawful picketing which lays down that it shall be law-

ful for a person in contemplation or furtherance of a trade dispute to attend.

(a) at or near his own place of work, or

(b) if he is an official of a trade union, at or near the place of work of a member of that union whom he is accompanying, for the purpose only of peacefully obtaining or communicating information, or peacefully persuading any person to work or abstain from working.

If a person works, or normally works, otherwise than at any one place, or at a place where lawful picketing as it is now defined is impracticable, then his place of work is deemed to be "the premises of his employer from which he works or from which his work is administered". This definition is designed to cut out secondary picketing, for example, lorry drivers picketing the docks.

The Bill goes on to include in lawful picketing, unemployed persons picketing their former place of work in furtherance of a trade dispute connected with his dismissal, redundancy or resignation.

Miscellaneous provisions

Outside those legal boundaries a picket who induces a worker to break his contract of employment by picketing somewhere other than his own place of work could be sued in tort.

Turning to coercive trade union recruitment activities, the Bill lays down in clause 15 that a person could be liable to civil actions in the courts if he induced, or threatened to induce, an employee to break his contract of employment with the employer by the use of pressure to join a particular trade union or unions.

This would not apply where the employee whose contract of employment was broken (or threatened to be broken) worked for the same employer or at the same place as the workers who were being compelled to join a union.

The issue of press freedom appears in Clause 16 of the Bill. This repeals section 1A of the Trade Union and Labour Relations Act, 1974, under which the Secretary of State for Employment has a duty to draft a charter on freedom of the press and lay it before Parliament.

The same clause also repeals sections 11 to 15 of the Employment Protection Act, 1978, which established a statutory procedure for gaining recognition through the Advisory, Conciliation and Arbitration Service.

Clause 16 goes on to repeal Schedule 11 of the 1975 Act, and to amend provisions of the Road Haulage Wages Act, 1938. The schedule to be repealed enables claims to be made that employers are not observing "recognized terms and conditions" in their industry, and that, if not settled by conciliation, to the Central Arbitration Committee for hearing and award.

It also makes additional provision for workers in Wages Council industries. Claims are referred to the Central Arbitration Committee for hearing and award.

Unions quickly show their anger

By David Felton and Donald MacIntyre

The Government's Employment Bill produced immediate angry reactions yesterday from the unions, which interpreted it as an attack on trade union rights and a move to undermine the TUC's machinery for dealing with them.

Mr Mosley (Mose) Evans, general secretary of the Transport and General Workers' Union, said: "The practical application of law is the important thing, and the practical applications of legislation are going to cause problems with government and relations between unions and employers when we want to improve those relations."

He said that there could be trouble over the failure of the law to define the "place of work."

"How can one positively determine where a lorry driver's place of work is?" Mr Evans asked in the cut-throat road haulage industry, where organized firms could make over the work of a strike-affected firm.

Was a striker, not to improve his lot, not allowed to picket such firms?

Mr Evans said that on the closed shop Britain would now become probably the only country in Europe where an 80 per cent ballot was needed.

"As a union, we are extremely worried about the Bill, but we are acting in concert with the TUC," he said.

Mr David Bassett, general secretary of the General and Municipal Workers' Union, said that the Government's proposals were "disruptive of good industrial relations."

"In industrial relations, as in social and economic policy, a return to the squalor and conflict of the nineteenth century appears to be the prime objective of Tory party policy."

Mr Evans said that the Bill would open up a whole new area of litigation when what is required in industrial relations is common sense and compromise.

Mr Bassett said the Bill would severely reduce the ability of trade unions to organize and take action which had been freely accorded since the turn of the century.

The Scottish TUC claimed that the proposals were the start of a programme that

would make British industrial relations "a considerably more bloody battlefield."

The Managerial, Professional and Staff Liaison Group, a federation of independent unions representing 500,000 members, said that it had mixed views on the Bill and would be making representations to Mr Prior and MPs on some details not in line with its policies.

It was opposed to repeal of section 11 of the Employment Protection Act, 1975, and sections 11-16 of the Act, which deal with trade union recognition, and would be urging the Government to reconsider its decision.

The group was in favour of the proposals on the closed shop, as it believed that "individuals should have the right to belong or not belong to a trade union, and this should not affect their right to work."

The introduction of postal ballots was welcomed on the assumption that they would be a voluntary basis, and the group said that it would be taking part in the consultations on the codes of practice "in the hope that cooperation by all parties will result in good industrial relations."

The Hackney Society of the Law Society said: "The Government seems intent on taking us back to the Victorian age, with nineteenth-century laws to go with nineteenth-century economic policies."

Mr Jeremy Smith, the society's secretary, said: "The picketing proposals would mean that those taking peaceful industrial action, lawful since at least 1907, face fines, imprisonment and large claims for damages. Old criminal offences will be opened up."

"Hard-earned rights not to be unfairly dismissed and to maternity pay are to be cut, while those seeking to undermine trade union solidarity are to be given every encouragement."

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HOME NEWS

Key role will be given to police if industrial action is taken by prison officers over pay claim

By Peter Evans
Home Affairs Correspondent

The police have been given a key role in contingency plans in case prison officers take industrial action. Possible use of the Army, although kept in mind, has not yet been mentioned officially.

The contingency plans drawn up during the past spring and summer within the Home Office have been discussed with the Association of Chief Police Officers. How far the police should be involved has been left for chief constables to decide locally.

The association is preparing to take official industrial action unless the Home Office agrees to pay claims which the May Committee of Inquiry into the prison service rejected.

The degree of assistance to be given has not been clearly specified but the police are prepared to help on the basis that they would be keeping the Queen's peace rather than doing prison officers' work.

Some chief constables have, however, agreed to arrange meals for prisoners.

Contingency plans have been made for prepacked meals to be provided for prisoners, although it is not clear whether canteens would be prepared to cross Prison Officers' Association picket lines.

In one respect the plans are based on principles which would govern the control of the Army during exercises in case of

terrorist attacks at London airports. The police officers would be in charge of law enforcement and the Army would act as their agents in coming to the aid of the civil power.

In prisons the governors would be in charge, liaising with the police, who would take orders from their own senior officers. The governor's relationship with the police has evolved from experience first gained last year during industrial action by police officers.

The plans began evolving with the arrival of Mr Dennis Trevelyan as director-general of the Prison Service. The election of a Conservative government gave the proposals new impetus.

When the police retained custody of some remand prisoners last year, the arrangements were for an assistant governor to act as a liaison officer. That would continue to be the case if use of police cells was necessary.

The need for contingency plans was made clear in evidence to the May committee by the governors' branch of the Society of Civil and Public Servants.

"The use of one form of industrial action, namely refusing admission to prisoners, would seriously threaten the maintenance of law and order. There are only about 5,000 places in police cells."

It is suggested that governors would be required to require the rapid opening

of an alternative prison system, probably within a week.

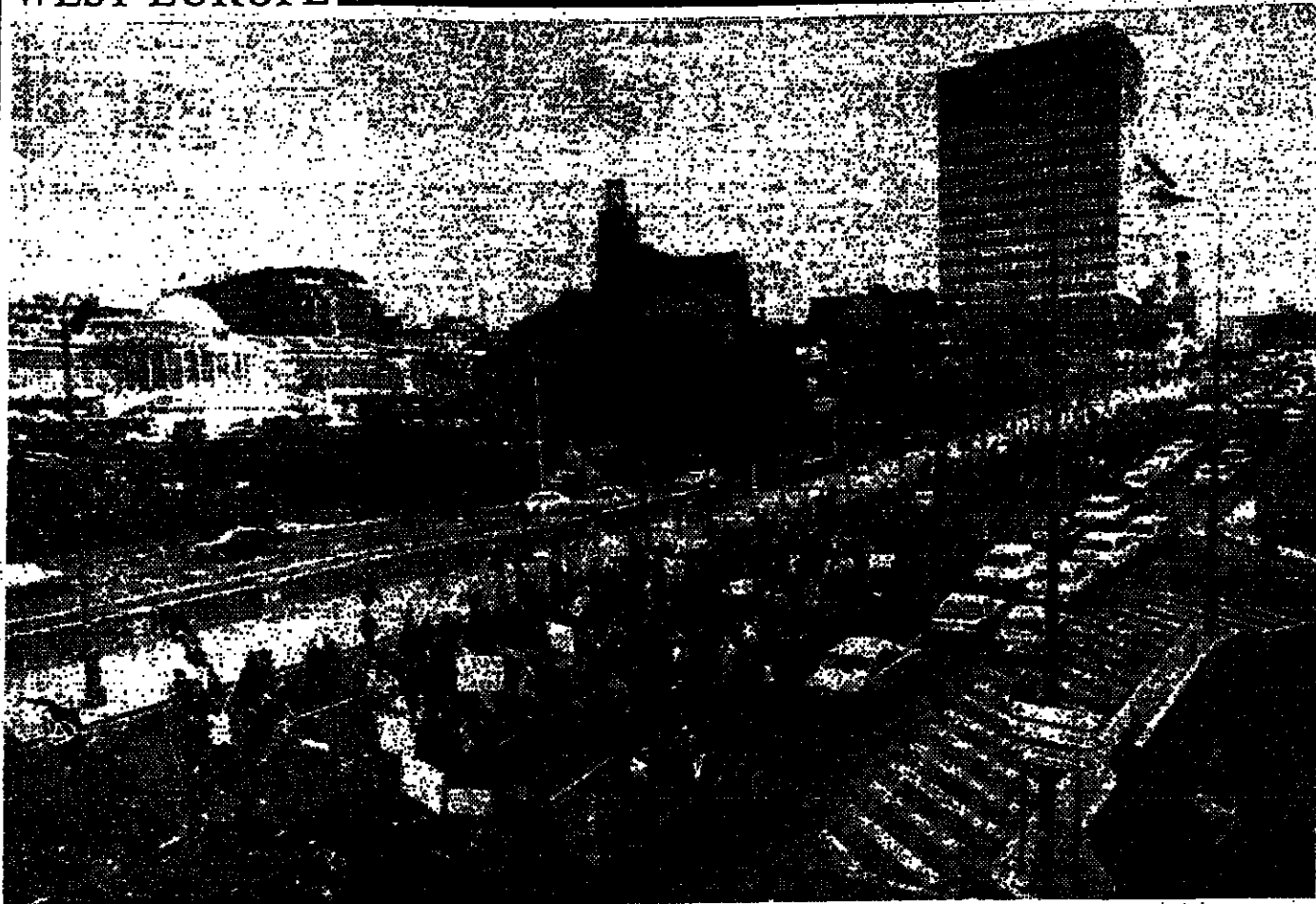
"Another complication to be faced if prison staff are to be allowed to continue to take industrial action is the reaction of other groups affected. The position of staff taking industrial action but still able to discipline prisoners has an air of incongruity about it which we cannot expect prisoners or organizations concerned with prisoners' rights to tolerate indefinitely."

In some branches of the Prison Officers' Association the local leaders have already had difficulty in restraining some of the more militant members from taking action. The head office of the association is keen for each branch to send details of its plans for coordination by a special subcommittee.

Last year the danger to prisons was brought home by a stark warning from governor to Mr Merlyn Rees, the former Home Secretary: "So far we have successfully avoided loss of life during serious disturbances but if the present trend continues there will be a serious loss of control which has to be quelled by armed intervention by another service. In such circumstances there is a probability of both staff and prisoners being killed. There are precedents in other prison systems."

There is also a precedent set by the firemen's dispute for the use of troops, though evidence suggests that governors would be firmly against soldiers bringing firearms into prisons.

WEST EUROPE



Belgian strike: Demonstrators march through Brussels during a one-day strike called by Belgium's largest socialist union in protest at the Government's economic policies. Officials of the union, the Fédération Générale Du Travail de Belgique, said the strike was well supported in Wallonia but not in Flanders. In the southern coal and steel town of Charleroi a worker picketing social security offices was stabbed in the stomach by someone trying to get in to work. The men were taken to hospital but were not in danger. International trains were cancelled in Brussels but the city's airport was functioning almost normally. The Walloon industrial centres of Liège and Mons shut down.—Reuter.

Dutch Cabinet in danger of falling after surprise vote on missiles

From Robert Schull
Amsterdam, Dec 7

The Dutch Government may be forced to resign within the next fortnight because the Lower House of Parliament in The Hague has refused to approve Nato plans to modernize its nuclear forces.

Late last night at the end of the second debate on the subject within a month, 10 left-wing Christian Democrats voted with the Opposition to carry by 76 to 63 votes a motion opposing Nato plans to produce and deploy 572 Pershing 2 and Tomahawk missiles.

This development came as a complete surprise. In the earlier debate on November 7 and 8, the Government had accepted with great reluctance a compromise worked out by the Christian Democratic Parliamentary group. This was that Nato should decide to go ahead in passive defence on its new missiles, but put off the decision regarding their deployment until after the results of arms control talks with the

Soviet Union could be evaluated. It was generally expected that in yesterday's debate the Christian Democrats, the senior partners in Mr Andries van Agt's coalition with the conservative Liberals, would reaffirm this position.

The defection of 10 Christian Democratic MPs and the resulting adoption of the Opposition's motion has created an enormous problem for the Cabinet. The Government is not obliged to follow the parliamentary decision. But if it ignores the vote and goes its own way next week during the Nato meeting in Brussels the Government will be confronted by a motion of no confidence. Although it is not certain that all 10 Christian Democratic defectors will then vote for a motion that will to all intents and purposes bring down a Christian Democratic-dominated Government, Mr van Agt has a small majority in the Lower House—77 out of 150 votes—that it would take but a few defectors to defeat it.

US attempt to win over sceptical Nato allies

From David Cross
Washington, Dec 7

President Carter and other senior American officials were today trying to rally the support of three sceptical Nato allies for the deployment of new medium-range nuclear missiles in West Europe.

During separate talks at the White House here today, Mr Andries van Agt, the Dutch Prime Minister, and Mr Odvar Nordli, his Norwegian counterpart, voiced their Governments' strong reservations about the plan.

When Nato Foreign Ministers meet in Brussels next week, the United States is hoping that they will approve proposals for the production and deployment of 572 Pershing 2 and Tomahawk cruise missiles in various European countries, including the Netherlands.

Before his talks with Mr Nordli this morning, President Carter said the United States and Norway shared two basic commitments. One is to strengthen and unify, so that a political adversary knows we are unified in purpose in defending Western Europe. The second is constant and increasing commitment to arms control, both conventional and nuclear.

At the same time Mr Kjeld Olesen, the Danish Foreign Minister, was meeting Mr Cyrus Vance, the American Secretary of State, to press for a six-month delay in the Nato decision. The Danes argue that this would provide a breathing space while the alliance opens negotiations with the Soviet Union on arms reductions in central Europe.

A delay would almost certainly be welcomed by the Dutch and Norwegians, but this seems unlikely given the strong support of the United States and its other leading allies for an immediate decision. The Netherlands and Norway are concentrating their efforts on persuading the rest of Nato to emphasize the importance they attach to negotiation with Moscow.

American officials have made it clear they fully expect the allies to approve the deployment of new missiles now. The decision would be accompanied by an offer of immediate talks with Moscow on reducing stocks of medium-range missiles on both sides.

The officials argue that the alliance must negotiate from a position of strength. The Administration had hoped originally that the Senate would ratify the new American-Soviet strategic arms limitation agreement before next week's Nato meeting; formulation of the deployment plans was made on this assumption. The Dutch, Danes and Norwegians are all strong supporters of the Salt 2 pact.

However, Mr Robert Byrd, the Democratic leader of the Senate, formally announced yesterday that the debate on the treaty could not begin until next year.

EEC budget rejection looks certain

From Michael Hornsby
Brussels, Dec 7

The European Parliament seems certain to reject the EEC's draft budget for 1980 when it meets in Strasbourg next week.

The three main political groups, the Socialists, the Christian Democrats and the European Democrats (Conservatives) this week have all come out in support of rejecting the budget and requesting a new draft to be submitted.

Announcing the Christian Democrats' decision at a press conference here today, Herr Egon Klepsch, the group's chairman, declared that the Parliament had a "clearly sufficient" majority for rejecting the budget.

Between them, the three main political groups can muster more than 280 votes. Under EEC rules, budget rejection requires a minimum of 206 votes in favour, a bare majority of the total membership (410) of the Assembly.

In addition, two-thirds of all votes cast must also be in favour. If all members were present, that would imply a maximum requirement of 274 votes.

The Liberal group has indicated that it would prefer to avoid confrontation with member-states over the budget, but it is thought the group will nevertheless vote for rejection.

The position of the Communists is not yet clear, while the French Gaullist contingent is certain to vote against rejection, reflecting the dim view taken in nationalist, right-wing French circles of the ambitions of the European Parliament.

Unless there is a significant defection by French Socialists and a loss of nerve at the last moment by other groups, a majority for rejecting the budget thus seems assured. It will be the first time this has happened in the history of the Community.

The Parliament has been enraged by the curious way in which EEC budget ministers last month threw out most of its proposals, including a symbolic cut in the sacred cow of agricultural expenditure and increased regional and social spending.

The dinner for 130 guests at the award ceremony would have cost 20,000 kroner (£2,700), said to be enough to feed about 300 Indians for a year.—Agence France-Press.

Nobel scientists differ over nuclear weapons research

Stockholm, Dec 7.—Three of this year's Nobel prize winners sharply disagreed today on the merits of financing scientific research to further the nuclear arms race.

In a heated exchange, Professor Abdus Salam of Pakistan, one of the three winners of the physics prize, discussed the issue with Professor Herbert Brown of the United States, co-winner of the chemistry prize.

Dr Salam, aged 53, Professor of Theoretical Physics at Imperial College, London, and an international Centre for Theoretical Physics in Trieste, criticized the "waste" of \$300,000m (£135,135m) spent annually on nuclear weapons.

He was supported by one of the men with whom he will share the physics prize, Professor Steven Weinberg of Harvard University, who deplored complacency about the threat posed by nuclear weapons.

"Today we are like the man who falls from a skyscraper and is naturally worried about it but by the time he gets to the fifteenth or sixteenth floor he is used to falling and thinks everything will turn out right," he said.

Professor Brown, aged 67, of Purdue University, Indiana, said he was not convinced that all nuclear weapons research was wrong.

"Sure we have the atom bomb," he said. "But we also have the knowledge not to use it. Military research can turn up knowledge of benefit to humanity."

"To kill mankind eight times over," Dr Salam cut in angrily. Dr Weinberg said that the discovery of nuclear weapons was "a terrible tragedy. It presents the world with a ghastly problem."

Dr Salam is the first Pakistani and the first Muslim to win a Nobel prize. He is said to have helped his country achieve nuclear capabilities.—UPI and AP.

14 feared dead as Finnish cargo ship sinks

Stockholm, Dec 7.—Fourteen sailors were feared drowned after the Finnish cargo ship Malmi sank after a storm off the Swedish coast early today.

Swedish coastguard helicopters rescued 14 crew members and found four bodies. Ten sailors still missing were believed to have been drowned. The 5,800-ton Malmi, carrying coal from Poland to Turku in Finland, began listing after a storm last night.

The captain of the Malmi was rescued and taken to a Swedish coastal hospital, coastguards said.—Agence France-Press and UPI.

Paris policemen and gangster die in gun battle

Paris, Dec 7.—Two policemen and a gangster died in a gun battle in Paris early today after a car chase through the Latin Quarter.

The gangsters' car turned into a dead-end street and the policemen were shot as they left their car. A third policeman who was wounded managed to shoot dead one gunman, but one or more others escaped on foot.

The shooting came two days after gangsters in a Paris suburb killed two security guards during an attempt to rob an armoured van carrying funds to banks.—Agence France-Press and Reuter.

Genteel protest by Paris journalists

From Charles Hargrove
Paris, Dec 7

For the journalists of the independent conservative newspaper L'Aurore to hold a demonstration is almost as inconceivable as for those of the extreme left-wing Libération to arrive at their office with bowler hats and rolled umbrellas.

The latter has yet to happen, but the other occurred today and for the second time in six months.

The journalists were protesting against the dismissal of 46 journalists, allegedly because of the paper's economic plight, and beyond this against the insidious plans to merge L'Aurore with Le Figaro, within M Robert Hersant's press empire.

In the final analysis, what is at stake, is the plurality of the French press, and especially the one in Paris which has shrunk steadily from 30 titles just after the war to less than 10 now. The Government has failed to enforce an ordinance of 1944, still officially on the statute book, against concentrations and mergers.

As befitts a newspaper which is a pillar of the Gaullist establishment, it was both a genteel and genteel demonstration. Only one placard was unfurled and the traffic in the busy Rue de Richelieu where L'Aurore has its offices, was only briefly interrupted, while three speakers explained through a loud hailer what the demonstration was about.

L'Aurore has by indirect means been passing more and more under the control of M Hersant since it was sold 18 months ago as part of the bankrupt Boussac empire. He does not have any shares in the newspaper, and is officially only its management consultant. But

WEST EUROPE

SDP backs aims of environmental groups

From Patricia Clough
Berlin, Dec 7

The Social Democratic Party tried today to embrace, as far as it could, the goals of the "Green" environmentalist groups which pose a serious threat in next year's West German elections.

The party's biennial congress here approved a long resolution rejecting the view that maximum economic growth should be the main aim of society. The need to conserve people, create a healthy and humane environment, and develop a "circular economy" based on saving and recycling resources, should have equal if not greater priority.

It was the Social Democrats' first attempt to tackle the problem of the growing influence of the "Greens", who they fear could drain away vital votes, particularly among idealistic young people, and leave Herr Franz Josef Strauss and the conservative opposition parties with an absolute majority.

It is not an easy task for a Government party, which must steer the country through the economic and energy crises and which is "closely linked to the unions whose members fear adverse effects on jobs and the standard of living."

Herr Helmut Schmidt, the Chancellor, and other party leaders have expressed respect and sympathy for the views of the "Greens", but insisted that the party was examining these in the harsh light of economic and social reality.

Today's resolution also emphasized that the shift of values would not be achieved without problems and conflicts. The party's official view of the problems was emphasized last night when it approved, by a majority of about two-thirds, a resolution permitting a cautious increase in the use of nuclear energy where absolutely necessary but giving priority to domestic coal.

There had been strong demands from the left for a step by step dismantling of the nuclear energy programme, and the development of other sources of power such as solar energy.

Swedes jail security man for spying

Stockholm, Dec 7.—A former member of the Swedish police and military security service was sentenced today for selling secrets of those services to the Soviet military intelligence organization, the GRU.

Sigvard Bergling, aged 42, first established contact with a Soviet military attaché in Lebanon in November 1973, while on a mission with Swedish soldiers of the United Nations peacekeeping force in the Middle East.

Mr Bergling was with the security services from 1969 until 1977. He was arrested in Israel last March and extradited here.

An investigating commission recently reported that the security service could have discovered his spying much sooner if they had taken the precaution of checking on his office supplies. He used an abnormal amount of photocopy paper to copy secret documents.

A former woman companion of Mr Bergling was sentenced to three months for complicity. Four other Swedes have been sentenced to life imprisonment since the second World War for spying for Russia, but are usually released for good behaviour in prison after about 12 years.—Agence France-Press.

Britain to seek devaluation of green pound

From Our Own Correspondent
Brussels, Dec 7

Mr Peter Walker, the Minister of Agriculture, will ask for a five per cent devaluation of the "green pound" at a meeting of EEC agriculture ministers here next Monday.

The green pound, which currently overstates the real value of sterling by nearly 12 per cent, is the special exchange rate used for converting the EEC's common farm prices (expressed in units of account) into pounds.

The effect of a devaluation is to bring the green pound into closer alignment with the real pound, and to push up the sterling "floor" prices guaranteed to British farmers by an amount roughly equal to the devaluation.

The support prices do not cover all products, so the rise in the farmers' prices will work through unevenly to prices in the shops. A five per cent devaluation would probably add about one per cent on average to retail prices.

General strike in Basque country

Madrid, Dec 7.—A general strike stopped business and industry today in Spain's troubled Basque country. It was in protest against a proposed "workers' statute" now being considered by the Parliament in Madrid.

The principal party of the region, the Basque Nationalist Party, joined the Communist-led Workers' Commissions and other big trade unions in calling the strike on the grounds that the Bill failed to take into account regional differences.

Photographer accused over bomb disposal picture

From Our Correspondent
Leeds

Laurence Mercer, a press photographer, who photographed Army bomb squad officers at work, appeared at Leeds Magistrates' Court yesterday charged with obstructing a policeman and acting in a manner calculated to bring the peace into disrepute.

He pleaded not guilty and the hearing was adjourned until next Wednesday.

Mr Mercer, aged 52, of Meadow Close, Bardsley, Leeds, was said to have taken a photograph at the scene of a bomb scare in Leeds last June. Mr Richardson Oaker, for the prosecution, said that the Army bomb disposal team asked the police to stop press photographers taking photographs.

When he was approached by a police constable, Mr Mercer, who works for The Yorkshire Post, said: "I think I can take any pictures I like but if you do not want them published you can put a D Notice on them."

Mr Arthur Tomkins told him the request was made because the Army men feared that

Students told to unite in face of cuts

By Diana Geddes
Education Correspondent

Mr Trevor Phillips, president of the National Union of Students, yesterday appealed to Conservative students to join their fellow students in forming a united front in the campaign against the Government's spending cuts and its policies on overseas students and immigration.

Speaking at the opening of the union's annual conference in Blackpool, Mr Phillips said that students must not indulge in passive defeatism or in "a super-militant anti-Tory jargon". They must plan their response on a serious, realistic and forward-looking basis.

"There are those of you who voted for Mrs Thatcher on May 3. Some of you are now regretting it. Whether you do or you don't, you must recognize the meaning of Mrs Thatcher's policies for students," Mr Phillips told more than 1,000 delegates who represent 1,200,000 students.

The union needed maximum unity and involvement to fight for the student interests which he believed Conservative students also held to be important. The views of Conservative students had had a place in the NUS for some years as a legitimate and sometimes influential strand of opinion. Now was not the time to abstain or "cop out".

Deliberate fire causes death of second child

From Our Correspondent
Hull

A second child has died as a result of the fire started deliberately at a house at Hull while a mother and her four sons slept. Peter Hastie, aged eight, of Selby Street, Hull, died yesterday in the burns unit at Pinderfields Hospital, Westfield.

His brother, Paul, aged 12, was critically ill in the same hospital. Another brother, Charles, aged 15, died in the hospital earlier in the week.

Mrs Edith Hastie, aged 34, and Tommy, aged nine, were poorly but comfortable in Hull Royal Infirmary.

Mrs Hastie's husband, Thomas, aged 34, has been released from prison after serving four months of an 18-month sentence for burglary.

The Hasties also have three daughters, but they were away baby sitting on the night of the fire.

Det Supt Ronald Sagar, who is in charge of the murder inquiry, said: "We know that some miserable wretch crept up to the front door while the family slept, poured several pints of paraffin through the letter box and set it alight."

In addition to the damages, The Daily Telegraph was ordered to pay legal costs estimated at £5,000.

The judge said the bodies of four members of the Moran family, who had been held hostage by Mr Hughes, were found at Pottery Cottage, Eastwood, Derbyshire. The crime raised a number of questions and there were also questions over the shooting of Mr Hughes.

Mr Horobin took charge only at the scene of the murders. By that time the hunt was over.

The judge said Mr Horobin had been involved in disagreements with the chief constable over the organization of the CID. He asked to be posted to divisional duties in November, 1976. There was no domestic incident in rank and the move was not connected with the Hughes case.

Glasgow belongs to no one until elections in May

From Ronald Faux
Glasgow

With corporation debts running at £500m, extreme multi-deprivation lingering on its outskirts and alarm signals sounding on the prospect for jobs, Glasgow of all cities needs firm administration.

The latest dispute in the council suggests that a steady hand is unlikely to take the civic tiller until a new council is voted in next May, resolving the deadlock that has paralysed long-term planning in the city.

Since the district council elections in May, 1977, Glasgow has had no party in overall control, and has appeared to belong to no one.

The chaos at last Thursday evening's council meeting showed the deep antagonism that separates the political parties, making a Liverpool-style coalition impossible. The Labour has formed an administration, and an all-party "fire brigade committee" will attempt to keep the peace and an eye on the council's bruised public image.

Glasgow will stumble on for another five months until the elections. The general expectation is that the city will divide on traditional lines, with an anti-Labour majority restored.

At the last election the Labour vote was damaged by a housing scandal and the popularity at that time of the Scot-

100 sheep die in crash

About 100 sheep were killed most by suffocation, when a lorry overturned in an accident yesterday on the M5 near Bristol.

Clifford Marriott, aged 17, the Nottingham Forest supporter who threw a dart at Pat Jennings, the Arsenal goalkeeper, was banned for life from the Forest ground.

Dart thrower banned

Clifford Marriott, aged 17, the Nottingham Forest supporter who threw a dart at Pat Jennings, the Arsenal goalkeeper, was banned for life from the Forest ground.

£4,000 libel award to police chief

Chief Superintendent Alfred Horobin, aged 42, of the Derbyshire police, was awarded £4,000 libel damages in the High Court yesterday against The Daily Telegraph.

He sued over an article which wrongly stated that while head of Derbyshire CID he had been in charge of the hunt in January, 1977, for William Hughes, a multiple murderer, the conduct of which led to questions in Parliament and the press.

The article linked the search for Mr Hughes with Mr Horobin's subsequent transfer to the uniform branch.

Mr Horobin, now divisional commander at Alfreton, had told Mr Justice O'Connor that his request to leave the CID was made long before the Hughes incident.

Mr Hughes, an escaped prisoner, killed four hostages



OVERSEAS

Zapu politicians work under disadvantage in Salisbury hustings

From Nicholas Ashford Salisbury, Dec 7

The problems of organising an election campaign while the political party one represents is banned were illustrated today at a meeting between journalists and supporters of Mr Joshua Nkomo's wing of the Patriotic Front.

The meeting was called by Mr Muzorewa Nkomo, who described himself as a "former" deputy publicity secretary of the Zimbabwe African People's Union (Zapu). Mr Nkomo, who was released from detention only a week ago, said the government described as the "acting" deputy publicity secretary because Zapu was still a banned organisation. Nor could today's meeting be described as a press conference because a banned organisation cannot make public statements. Nor could anything he said be attributed to Zapu for the same reason.

The fact that Zapu and Mr Robert Mugabe's Zimbabwe African National Union (Zanu) are still proscribed organisations places them at a distinct disadvantage during the preliminary campaigning for next year's election.

While they remain silenced Bishop Abel Muzorewa's United African National Council (UANC), the largest party represented at the meeting of National Unity, is having a field day.

The party's officials are going round the country holding meetings with supporters and getting the UANC's machinery geared up for action, while Bishop Muzorewa and his ministers have been taking every opportunity to have their

views published in the press and on television.

The newspapers and the Zimbabwe Rhodesia Broadcasting Corporation seem quite happy to give the government one-sided coverage, but are not allowed to hold election meetings, although they have been arranging "briefing" sessions with supporters.

At the moment, both wings of the Patriotic Front operate from adjoining rooms in an old Salisbury building held in the names of individuals, one a lawyer the other a businessman. The fact that they are working out of the same premises is taken as a sign that at least the internal representatives of Zapu and Zanu want to contest the election jointly as the Patriotic Front.

However, Mr Nkomo, speaking as an individual and not of course as a party spokesman, was not prepared to be drawn on this point. "I cannot say at the moment whether it will be the PF which is contesting the election or Zapu-PF and Zanu-PF."

Mr Nkomo does suffer from other disadvantages in addition to being officially silenced. He said he did not really know how the election would be fought as this would be decided by the parties' leadership, and they were all in London. Having spent most of the past 14 years in detention he had to admit that he was a little out of touch with recent developments.

Fifth arrest in roundup of Moscow rights group

From Michael Binyon Moscow, Dec 7

Police today arrested another member of the Moscow Helsinki human rights monitoring group, Dr Andrei Sakharov, the Soviet dissident leader, today told Western correspondents.

Viktor Nekrasov, a 51-year-old pharmacist, was arrested in the Moscow suburb where he works. He has already spent two years in prison after being convicted of anti-Soviet activity in 1973, following publication of his protest verse. On release he applied unsuccessfully to emigrate.

His arrest is the fifth in the present roundup of the remaining active dissidents and members of the Helsinki group around the country. At the beginning of last month Tatyana Velikanova, a 47-year-old mathematician, a veteran activist and one of the distributors of the unofficial *Chronicle of Current Events*, was arrested.

So also were Father Gleb Yakunin, a Russian Orthodox priest who refuses to accept state restrictions on religion; Anatoly Tereckas, a Lithuanian nationalist; and Mikola Gorbai, a Ukrainian who has already served five years in a labour camp for anti-Soviet activities.

Dr Sakharov said he believed the authorities were determined to stamp out any remaining pockets of dissent before next year's Olympic Games. Plainclothes police searched the flats of several of those later arrested and of other dissidents, and took away sacks of papers and documents.

Miss Velikanova's family was told by police to leave the house that they could tell any foreign correspondent they liked of her arrest—a remark her son-in-law believed showed the authorities did not care about foreign opinion.

On Tuesday plainclothes police also searched the homes of four members of the editorial board of the unofficial journal *Pravda*. Several typewriters and documents were removed and the four men, Pyotr Yegorov, Vladimir Sorokin, Valery Abramkin and Yuri Grimm, were questioned.

Five years' jail for wife of Scientologist

Washington, Dec 7.—Mrs Mary Sue Hubbard, wife of Mr Ron Hubbard, founder of the Church of Scientology, was jailed today for five years for plotting to steal Government documents about the church.

She had been convicted on October 28 with eight other Scientologists of conspiring to infiltrate United States Government agencies to obtain information filed about the church.

The prosecution alleged that the Scientologists committed scores of break-ins at Government offices including the Justice Department and the Internal Revenue Service and maintained a network of spies.

Under an agreement between defence and prosecution lawyers, the Scientologists agreed not to challenge the evidence. Judge Charles Richey also fined Mrs Hubbard \$10,000 (\$4,455) and ordered officials to interview her and report in three months time on whether her jail sentence should be reduced.

He jailed three other Scientologists for four years each and fined them each \$10,000.

Reuter.

Two die in jail riot

Soledad, California, Dec 7.—Two prisoners were killed and 18 injured in a riot at the California state prison last night, a spokesman said.

For Peking, family planning is a matter not just for the couple but for the community as a whole. Marrying without first obtaining official permission is a criminal offence.

For the child's delivery and supervision.

If a couple wants a second child, having persisted in the face of arguments and pressure against it from within its community, it then has to take its place in the community queue. It is a measure of how successful this kind of social control has been so far—and what a task awaits it—that of the 17 million births last year, at least one-third were of a third or further child.

So children in a family of three or more are considered anti-social, and sanctions, such as loss of privileges, ration and pay are levied against their parents, increasing in severity for each succeeding child.

In contrast, free contraceptive advice and major incentives to undergo various contraceptive operations are all available.

The old slogan, "leave, long, leave" will now have to be modified to bring the Chinese face-to-face with the idea of the single child: hence China's endorsement of the Year of the Child.

But the longer-term consequences of the "one-child" policy, and how their childhood from an early age can be adjusted to absorb the company of other children, has not yet been fully thought through.

However, the indications are that it will be at the expense of the family unit. This would be consistent with the underlying objective of the Chinese Communist Party to break down the old Confucian ideal which placed the family and the state as the two foci of loyalty, and to replace it with a required loyalty to the work-unit and the party's role in the leadership of the country.

Shanghai was specifically singled out by Chairman Hua in his June speech as the place where population planning was so good, that its example should be followed in all urban and rural areas.

Officials admit the system does not work perfectly. Unplanned pregnancies still occur both in and out of marriage. Even schoolgirl pregnancies, according to them, have occurred in every one of Shanghai's 10 districts this year.

However, the social climate is distinctly chilly where pro-miscuity is concerned. Apart from the almost total absence of privacy, there is the threat of execution if the death penalty still being intact for a variety of offences, including rape.

China's methods of control might be unthinkable to the liberal democracies, since they involve the suppression of individual responsibilities for family planning but the scale of China's population and its likely growth are also unthinkable to the inhabitants of countries without those hundreds of millions.

Charles Douglas-Horne

Part two on India will appear in Foreign Report next Friday.



Among the last to display a poster at "democracy wall", which moves out of central Peking today, an old countryman wearing battle decorations unfolds a written protest before teams cleared the area overnight.

Iran militants insist all hostages will be tried

Tehran, Dec 7.—Islamic militants occupying the United States Embassy said today that all 50 American hostages would be put on trial for spying, despite statements by the Iranian Foreign Minister that some captives would be released shortly.

Mr Sadegh Qorbzadeh, the Foreign Minister, had said during a press conference that some of the hostages were not guilty of espionage and "should be released". He said: "There is no problem for them, and I hope that if (release), will not be far off."

His statement was seen as signalling a possible relaxation in the crisis which has lasted nearly five weeks. But shortly afterwards, the militants at the embassy compound said the Foreign Minister had no "responsibility for the fate of the hostages". A spokesman for them said they would take orders only from Ayatollah Khomeini, Iran's leader.

He went on: "All of the hostages will be put on trial. There will be no exceptions. They will go before a revolutionary court which will be open to world observers. We don't know what the outcome of the trial will be."

Mr Qorbzadeh earlier said "some of the hostages would be released" and he did not discount the possibility that they could be sentenced to death by firing squad.

The militants also announced that a special conference would be held shortly to expose American crimes to the world and introduce the Islamic revolution. They gave no further details.

Iranians went on to their rooftops tonight and shouted "Allah akbar" (God is great) in a demonstration of support for Ayatollah Khomeini and the students holding the province.

The situation in the provincial city of Tabriz continued to be tense, although there was no repetition of yesterday's demonstrations against the Khomeini regime. The people of the region are loyal to Ayatollah Shariat-Madari, who opposes the new Islamic constitution.

Ayatollah Shariat-Madari appealed to his followers to remain calm. He asked them to negotiate with the government, and urged all minorities in the nation to resist the Tehran regime and avoid "tyranny" which is reminiscent of the Pahlavis.

Agence France-Presse, Reuters and UPI.

US warning: The State Department in Washington warned the Iranian authorities that putting any of the American hostages on trial would be a matter viewed with the utmost gravity by the United States.

In New York, Dr Kurt Waldheim, the United Nations Secretary-General, said the Iranian authorities would violate international law if they put any of the hostages on trial.

UPI and Reuters.

Nephew of Shah killed by gunman

From Charles Hargrove Paris, Dec 7

Captain Shariar Chafik, a nephew of the Shah of Iran, was shot dead this afternoon in the smart residential Paris district of Passy. Aged 34, he was the son of Princess Ashraf, the twin sister of the Shah.

Two eye-witnesses, Captain Chafik was walking down a private road, on his way to the home of his sister, Princess Azadeh, when a man on a motorcycle rode up to him and shot him in the back of the neck.

When Captain Chafik fell, the rider fired another shot into his head, before getting away, "without undue haste", the witnesses said.



Captain Shariar Chafik: shot dead in a Paris street.

The Ministry of the Interior said Captain Chafik did not have police protection, as it was only granted on request, and none had been asked for. The police have no indication as yet as to the identity of the killer.

Captain Chafik, who was known in earlier days as Prince Shariar Pahlavi-Nia, was an officer in the Iranian Navy in charge of a squadron of armed hovercraft at the time of the revolution.

He was born in Rabat, Morocco, in 1945, the son of the Princess and her second husband, an Egyptian whom she divorced in 1960 and who died in 1976.

The captain's mother, Princess Ashraf, escaped from an ambush in September, 1977, in which her lady-in-waiting was killed.

Princess Azadeh, who lives in Paris, runs a newspaper called *Iran Libre*, and is said to be a moving spirit behind the "army movement for the liberation of Iran."

Assassination claim: Ayatollah Sadeg Khatibzadeh tonight claimed responsibility for the assassination. He said the gunman was a member of his fundamentalist Islamic Fedayeen guerrilla group.

He told Reuters in a telephone interview from the Holy City of Qom: "I take responsibility for this assassination."

The Islamic Fedayeen are continuing their activities in Europe and the United States to identify these wrongdoers and punish them for their actions.

Shah grieved: The Shah issued a statement today in New York in which he said he was deeply grieved to learn of the murder of his nephew. He spoke of him as a gallant naval officer who served his country with distinction.

The statement said he was loved, respected and feared by the men that served under him. His policy was to eat, sleep and work side by side with his men, be it in the heart of the Gulf or at sea.—AP.

Canberra refuses to break Pol Pot link

By Our Foreign Staff

Australia and New Zealand declined yesterday to follow Britain's example in withdrawing recognition of the Pol Pot regime in Kampuchea because it could no longer be regarded as an effective government.

The Pol Pot guerrillas have been fighting to regain power since January when Phnom Penh, the capital, was taken by the Vietnamese-backed forces of Mr Heng Samrin.

While deploring the record of the Pol Pot regime on human rights, Mr Andrew Peacock, Australian Foreign Minister, said his country could not accept the Vietnamese intervention in Kampuchea. Mr Robert Muldoon, the Prime Minister of New Zealand, said his country would follow the policy of the Association of South-East Asian Nations (Asean) which believes that withdrawal of recognition of the Pol Pot regime would not help to achieve a political settlement.

The Asean governments of Thailand, Malaysia, Indonesia, Singapore and the Philippines, which are to discuss the Kampuchean situation in Kuala Lumpur next week, had no immediate comment, but diplomatic sources said the British decision could set off a chain reaction which would upset the group's opposition to the Vietnamese role in the country.

Nevertheless, a forthcoming visit to Hanoi by Tuanku Ahmad Rikhaudeen, the Malaysian Foreign Minister, could well pave the way for the eventual return to recognition of Mr Pol Pot as part of a formula to solve the rift between Vietnam and the Asean governments.

Border mined: Vietnamese soldiers today began sealing the border near the Thai town of Ta Phraya to prevent the return of the 30,000 Kampuchean troops and civilians they forced into Thailand in the past two days, a Thai army spokesman said.

He said about 1,000 Vietnamese troops were putting down land mines and digging trenches only half a mile from the border. Some of the Kampuchean soldiers had managed to cross back to their own country before the Vietnamese established the new barriers.

The authorities are keeping journalists, including those from the Ta Phraya area, saying they fear

fighting or at least shellfire may occur there.

Further south the Thai Army today lifted its four-day blockade of food and water supplies to 300,000 Kampuchean soldiers camped on the border at Nong Mak Moon.

International medical teams were also permitted to resume their care of the sick and wounded as thousands more Kampuchean left the border for the nearby Khao I Dang refugee camp which is the biggest in Thailand now with almost 50,000 inhabitants.

Shanook warning: Vietnam will never withdraw from Kampuchea unless Vietnamese supplies are cut off, Prince Norodom Sihanouk, the former Kampuchean head of state, said in an interview published in Paris today.

Western countries should understand that the "Vietnamese are like the Russians," he told the Paris newspaper *L'Aurore*. "They will be very firm with them, they only understand force."

Prince Sihanouk, aged 57, interviewed in a heavily-guarded Paris flat lent to him by the French Government, was only "half satisfied" with his welcome since arriving in Paris on November 25 to make international appeals for a conference to arrange a Cambodian neutrality. He has already met the French Foreign Minister and next Thursday will meet President Giscard d'Estaing.

He complained that French officials had been "too slow" to organize a liberation army, do not do it on our soil. We don't want to burn our bridges with Vietnam because we want to be useful later (as an intermediary force).—Agence France-Presse and Reuters.

The Malaysian Government today allowed a Soviet aircraft carrying "humanitarian cargo" landing rights to and from Ho Chi Minh City (formerly Saigon), but the Soviet Union decided not to use the right (Our Kuala Lumpur Correspondent writes).

Malaysia had earlier banned such a flight but was asked by Moscow to allow the plane to land in Kuala Lumpur believed the Soviet Union was "testing the waters" of Malaysian reaction in case it decides to step up its military flights into Vietnam.

The Thai Government had banned overflights of Soviet aircraft but they carry on nevertheless.

Unicef awaits relief report

From Our Correspondent Geneva, Dec 7

The return from Phnom Penh next week of a senior official of the International Committee of the Red Cross (ICRC) will enable Unicef to investigate reports of relief supplies for Kampuchea going to the Vietnamese, is anxiously awaited by the Red Cross and Unicef, the United Nations children's fund.

In confirming today that more than 20,000 tonnes of relief supplies were needed by Unicef for relief in Phnom Penh because of transport difficulties and formalities, Unicef said it had been informed that 360 Soviet lorries were arriving soon at the port of Kompong Son.

This is about twice the total number sent by international agencies over the past three months. An official said it was hoped at least some of the Russian vehicles would be used for food distribution.

He also made the point that relief supplies were needed, even if much less than normal, was now on sale in Phnom Penh markets.

Lorries waiting: Two United States Air Force aircraft carrying lorries urgently needed by Unicef for relief in Phnom Penh were grounded at a base in the Philippines today because they had not yet received clearance to land in Phnom Penh, an Air Force spokesman said.—Reuters.

Draconian laws axed by Seoul's new leader

From Peter Hazelhurst Seoul, Dec 7

Taking a cautious step towards a more liberal political system, President Choi Kyu Hak of South Korea today rescinded a draconian emergency decree which outlawed all forms of dissent and criticism against General Park Chung Hee, his predecessor.

President Choi also announced today that all political prisoners who were jailed under the provisions of the emergency measures will be freed.

The Ministry of Justice said tonight that 68 adversaries of the late President Park have already been released and another 23 are expected to be released within the next 24 hours.

The move also revoked the suspended sentences of all persons convicted under the emergency decree. The sentences of former prisoners released on parole have also been annulled.

Officials said that the measures would affect 407 prisoners and former detainees. The amnesty does not, however, cover political offenders held under South Korea's "anti-communist law" and dissidents who were recently taken into custody under martial law.

However, President Choi said he would retain wide powers to curb political dissent under the provisions of martial law, imposed in South Korea hours after President Park's assassination on October 26.

This meant that 110 prisoners, convicted or detained on political grounds, will remain behind bars. They include Kim Chi Ha, the noted South Korean poet, who is serving a 20-year sentence. Mr Kim Dae Jung, the country's most respected opposition leader, is expected to be released from house arrest this weekend.

New energy post created in Australian reshuffle

Canberra, Dec 7.—Mr Malcolm Fraser, the Australian Prime Minister, today reshuffled his Cabinet and created a new post to decide energy policy. He also brought two backbenchers to give a fresh look to the Government that will face a general election next year.

In creating the new Cabinet post of National Development and Energy, Mr Fraser said that because of the growing importance of energy policy he had decided to make it the responsibility of a senior minister.

He appointed the former Education Minister, Senator John Carrick, to the post, and said he would give priority to the development of Australia's natural gas and coal deposits and to research into other sources of energy.

Energy affairs, including the sensitive issue of the development of Australia's huge uranium reserves, previously came under the non-Cabinet post of the National Development Minister. The holder of this post, Mr Kevin Newman, was demoted to Productivity Minister today.

The reshuffle had been expected since last September when Mr Ian Sinclair, the Primary Industry Minister, resigned following allegations of misconduct in his business affairs.

Mr Peter Nixon, the Transport Minister who took on Mr Sinclair's job when he resigned, was confirmed as Primary Industry Minister, a key post overseeing Australia's vast wheat exports. He relinquishes the Transport Ministry.

The Transport portfolio goes to Mr Ralph Hunt, who was the Health Minister. Mr Ian Maclellan gives up his job as Immigration Minister to take the Health post. The two backbenchers brought in are Senator Douglas Scott, who becomes Minister for Trade and Resources and Mr David Thompson, who becomes Minister for Science and the Environment.

Mr Fraser, now nearing the end of his second term in office, is clearly hoping that his reshuffled Cabinet will increase his standing in the opinion polls, which is at a low ebb after two successive general election landslides.

High unemployment is an important cause of his coalition Government's unpopularity. The fresh emphasis on energy development and with the prospect of new jobs may appeal to voters as the election approaches.—Reuters.

Lord Soames to shun pomp as Governor

By George Clark Political Correspondent

Lord Soames has made it plain to the Muzorewa Government in Rhodesia that he will shun pomp or ceremonial. He regards his mission as that of a practical politician determined to ensure the preservation of law and order, fair elections, the formation of a government and the advance to independence as soon as possible.

That does not mean that he fails to recognize the difficulties of his task. The fact that he is both a member of the Cabinet and a colonial governor is without precedent, but he regards the possibility of a conflict between him and Lord Carrington, the Foreign and Commonwealth Secretary, as the least of his worries.

In the House of Lords, his functions will be taken over by Lord Faversham, Deputy Leader of the House. At the Civil Service Department, where they were the minister in charge, the control of the day-to-day working of the

office will be taken over by Mr Paul Channon, MP for South-east, West, the Minister of State.

The Prime Minister continues to have overall responsibility for the Civil Service. He will be accompanied by his wife, Mary, a daughter of Sir Winston Churchill, who has a reputation for excelling in the arts of diplomacy.

Mr A. C. Cunliffe, former Commissioner in Anguilla, the police adviser to the Governor will be Sir James Haughton, former Chief Constable of Merseyside.

At Lancaster House the argument over assembly points for the Patriotic Front forces continued today, with Mr Mugabe and Mr Nkomo refusing to disclose the numbers of their forces, until they are satisfied about the location of the Rhodesian forces.

Five executed by Mozambique firing squads

Maputo, Dec 7.—Five people, including a black Rhodesian, have been executed by firing squads in Mozambique after a military court condemned them to death for "high treason" and espionage.

The official statement gave no details of the time or place of their execution, which brings to 28 the number of people shot in Mozambique this year.

The military court also sentenced 12 others to prison for terms ranging from two to 30 years.—Agence France-Presse.

Baby killed in Swapo clash with S Africans

Johannesburg, Dec 7

A 12-month-old baby was killed when Swapo guerrillas exchanged fire with South African security forces in a remote area of Namibia.

The clash occurred in Kaokoland, in the north-west of the territory, which has been relatively free of guerrilla activity for the past two years.

Brigadier Willie Meyer, a South African Army spokesman, said the Swapo guerrillas had been fired by Swapo fire during a clash with South African forces.

Population in Asia's giants: 1 China

Large families penalized in attempt to cut back births

Nobody knows the size of China's population. Experts vary in their latest assessments between 974 million and 921 million—a discrepancy about as large as the entire population of Britain for a man and 25 years' assessment. By now, from whichever base, it will have grown another 15 million.

China's growth rate is now about 1.4 per cent per annum. The target is to force this down to 0.5 per cent by 1985, and zero population growth by 2010. By then the population will be about 1,200 million souls, with at least one-third under 15 years old.

To achieve this slow-down, the Party Congress in June considered a new policy devoted to the idea of the one-child family. Chairman Hua, in announcing this target, called for an insurance policy, that of old people who are childless, since in China's virtually pensionless society there is a natural desire for large families to provide for people's old age.

A law is being prepared to provide both for material and social incentives to couples who limit themselves to one child. There will also be severe penalties for couples who, having claimed the bonuses for a commitment to the single child, then have another one.

Family planning policy is not just a question of incentives or disincentives at the point of birth, however. It involves a wholly pervasive ideological commitment to the idea that birth planning is a social and not a private question; and that the size and spacing of families is a decision, not just for a couple, but for the community as a whole.

This policy starts to be applied administratively before

marriage and follows a couple right through their lives until child-bearing is behind them, or they have been sterilized. A couple, initially comes up against the minimum age for marriage (27 for a man and 25 for a woman in the cities, 25 and 23 in the country). Permission has to be sought and granted, before marriage can occur.

If a couple does not wait for permission and cohabit, producing a child, the penalty is loss of two months' wages, confiscation of the child and the possibility of a prison sentence for criminal offence in marrying without a licence.

After an officially permitted marriage, a couple can have their first child whenever they want. It is only thereafter that the community—normally a production unit in a city area, or work teams in communes—becomes the forum for discussion and decision about a couple's further desire for another child.

A further attempt would be made to count them as no more children with the offer of incentives such as child-care subsidies for the child, a larger grain ration, accommodation—suitable for two children, and additional work points, which entitle them to bonuses.

These incentives come in exchange for an undertaking from the couple to have no more children, though this need not include the irrevocable act of voluntary sterilization. If the couple takes the rewards and then has a second child it loses all the advantages, suffers further financial penalties and has to pay the medical and welfare services

yet been fully thought through. However, the indications are that it will be at the expense of the family unit. This would be consistent with the underlying objective of the Chinese Communist Party to break down the old Confucian ideal which placed the family and the state as the two foci of loyalty, and to replace it with a required loyalty to the work-unit and the party's role in the leadership of the country.

Shanghai was specifically singled out by Chairman Hua in his June speech as the place where population planning was so good, that its example should be followed in all urban and rural areas.

Officials admit the system does not work perfectly. Unplanned pregnancies still occur both in and out of marriage. Even schoolgirl pregnancies, according to them, have occurred in every one of Shanghai's 10 districts this year.

However, the social climate is distinctly chilly where pro-miscuity is concerned. Apart from the almost total absence of privacy, there is the threat of execution if the death penalty still being intact for a variety of offences, including rape.

China's methods of control might be unthinkable to the liberal democracies, since they involve the suppression of individual responsibilities for family planning but the scale of China's population and its likely growth are also unthinkable to the inhabitants of countries without those hundreds of millions.

Charles Douglas-Horne

Part two on India will appear in Foreign Report next Friday.

Penalties for the third child are educational fees and a levy of 10 per cent of the parents' salaries. The purpose of this sanction, said officials, was to back up the painstaking education to raise people's mentality and to curb the rampant birth rate.

The mechanism of control is for the production unit to send next year's population figures to each commune and factory in its area. A target is then

agreed. The rate is decided each June on the basis of the number of declared pregnancies, and final planning occurs in October. This cycle is helped by the fact that the proportion of Chinese pregnancies apparently start in January, during the New Year holiday.

Saturday Review

Consumers Christmas

by Christopher Ward

On the first day of Christmas

my true love sent to me

A partridge in a pear tree...

But the partridge turned out to be a moulting sparrow and the pear tree was wilting badly when it was delivered by Inter-Partridge-In-A-Pear-Tree Ltd, who were banking (as they do every Christmas) on people like us not being ungracious enough to look a gift partridge in the mouth.

Partridges in pear trees costing what they do these days, I take the view that not complaining only encourages this kind of sharp practice. So I rang Inter-Partridge-In-A-Pear-Tree Ltd and asked, in the politest way, of course, to try again. The snooty manager categorically denied that the partridge was in fact a sparrow and insisted that the pear tree was positively blooming when it left his shop. "You probably stood it too near a radiator", he said. Stalemate.

Legally there was nothing I could do, because the law affords protection only to the buyer of gifts and not the receiver. So I telephoned my true love and filled her in on what happened. By trying to pass off a sparrow as a partridge, the shop was guilty of an offence under the Trade Descriptions Act, which carries a fine of up to £400 and/or a two-year jail sentence. (The offence should be reported to the Trading Standards Officer at your town hall and he will take the appropriate action). As for the drooping pear tree... my true love would have had a claim here under the Sale of Goods Act. The Act puts the retailer—not the manufacturer—under a legal obligation to supply goods which are:

1. Of merchantable quality.
2. Fit for the purpose for which they are sold.
3. Which meet the description applied to them.

It doesn't matter what you are buying—a new car, a packet of hair-clips or a partridge in a pear tree. Nor whether you paid cash or bought it on HP. Nor whether it was bought in a sale or a discount warehouse or by mail order. Nor whether you bought it two or even five years ago. Provided you can prove that the defect was there when the goods were bought, the law protects you.

My true love pointed this out to the manager of Inter-Partridge-In-A-Pear-Tree Ltd, who sensibly realized that unless he pulled his finger out, he was going to find himself in a lot of unnecessary trouble. So he immediately dispatched a replacement partridge in a pear tree.



On the second day of Christmas

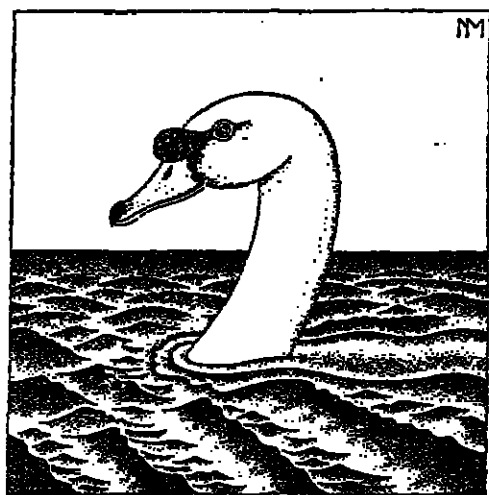
my true love sent to me

Two turtle doves and a partridge in a pear tree

The partridge and the pear tree were just perfect, thank you, as a result of the prompt and firm action taken by my true love. But the turtle doves didn't arrive. My true love said she sent them by British Rail Red Star express parcels service, but when I went to collect them at my local station, the clerk couldn't find any trace of them. "Come back tomorrow", he advised me. "But my turtle doves will probably be dead by then", I told him. He shrugged his shoulders and carried on filling out his parcels coupon.

This is one of those all-too-familiar Catch-22 situations in which railway employee A swears he dispatched my true love's turtle doves and that they are now in the possession of employee B, but employee B categorically denies the doves ever left employee A. It's known as passing the buck and is a well-known tactic in state-run industries to bewilder the customer into submission.

No point wasting valuable time dealing with an uninterested parcels office clerk who is more interested in filling out his football pools. Nor, at this stage, did I wish to take up Sir Peter Parker's kind invitation to BR customers to send their complaints direct to him. Instead I telephoned the general manager of the region (whose name and address is obligingly listed in the front of the time table for that particular region). His over-protective secretary would not put my call through until I told her I was calling from Lytham St Anne's ("I'm from the winners tracing section at Premium Bond HQ and I think I may have some good news for him"). Quick as a flash he was on the line. I explained my problem and apologized for playing such a dirty trick, but hoped he would understand that time is of the essence since my true love's turtle doves are worth £2,000 a pair. If he suspected this was another white lie, he wasn't prepared to take a chance on it. Two hours later, my true love's turtle doves were traced to York station where they had been mistaken for racing pigeons and were about to be released.



On the seventh day of Christmas

my true love sent to me

Seven swans a-swimming...

Three of the swans couldn't swim, two weren't white, as specified on the order form, and the remaining two looked more like geese than swans. My true love immediately tried to get in touch with the Seven-Swans-a-Swimming mail order company who had supplied them. Their telephone number was unobtainable and they didn't reply to my true love's letters. So she wrote to the Advertising Standards Authority giving all the details of the original advertisement, when she sent off her money, etc. They investigated her complaint and in the meantime, prevented the firm from placing any further advertisements. My true love wrote a similar letter to the advertising manager of the newspaper where she saw the offer. She was much cheered up to learn that if the mail-order firm went bankrupt, she would be able to recover their money from a "disaster fund" set up by the Newspaper Publishers' Association—provided that the paper or magazine is a member, of course.

Illustrations by

- 1: John Short. 2: Brian Grimwood. 3: Marc. 4: Calman. 5: Mick Brownfield. 6: Bill Sanderson. 7: Norman Messenger. 8: Alan Cracknell. 9: Michael Trevithick. 10: Peter Brookes. 11: Paige. 12: Cole.



On the eighth day of Christmas

my true love sent to me

Eight maids a-milking...

My true love indeed paid for eight maids, but only six turned up. So she went round to register a complaint with Maids-a-Milking Ltd, and she set about it in exactly the right way. She didn't thump the counter. She didn't swear. She didn't grumble, remembering that if you let a complaint deteriorate into a moan you're likely to remind the area manager of his nagging wife and be treated accordingly. She didn't succumb to an attack of verbal diarrhoea and drone on for three-quarters of an hour until her audience was asleep with boredom. She didn't put the man's back up by adopting a "Look here my man!" approach. She was firm, factual, and came straight to the point. Within an hour, two more maids-a-milking were knocking on my door, full of apologies.



On the ninth day of Christmas

my true love sent to me

Nine drummers drumming...

The people next door complained. Almost any row that causes unreasonable disturbance—even the noisy love-making of the couple upstairs—is considered to be "pollution" these days. My neighbours

On the third day of Christmas

my true love sent to me

Three French hens, two turtle doves and a partridge in a pear tree

The partridge in the pear tree were just what my true love ordered, the turtle doves arrived on time, but the French hens, all trussed up and oven-ready, weren't just high. They were a dead cert case for salmonella poisoning. I took them straight round to the Environmental Health Officer at the town hall who, after conducting various tests, announced he would prosecute the shop concerned under the Food and Drugs Act. My true love was very upset about this, but as I said to her, it's the thought that counts.



On the twelfth day of Christmas

my true love sent to me

Twelve lords a-leaping...

Unlike the eleven dancing ladies, they never got here because the airline inadvertently double-booked them and they had to wait 24 hours for the next flight. But at least they came out of it showing a profit. Most of the big airlines have agreed to pay a "no argument compensation" if you are "bumped", as it is called, from a flight on which you had a confirmed booking. The agreed rate for compensating you for denied boarding is vaguely one half of the cost of a one-way ticket to your destination, provided that you have to wait four hours or more. The minimum they will pay is £10, the maximum £100. They also have to reimburse you for any reasonable expenses you might incur as a result of the delay.

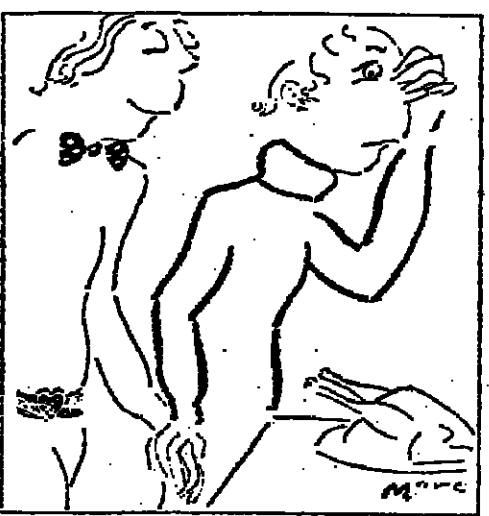
On the thirteenth day of Christmas my true love said to me twelve lords-a-leaping, eleven ladies dancing, ten pipers piping, nine drummers drumming, eight maids-a-milking, seven swans a-swimming, six geese a-laying, five gold rings, four colly birds, three French hens, two turtle doves and a partridge in a pear tree... certainly prove that it's worth complaining.

© Christopher Ward.

Christopher Ward is the author of How to Complain, published in an updated and enlarged edition by Secker and Warburg at £5.95.

sought advice and discovered they had three courses of action open to them to stop my nine drummers drumming.

1. Under Common Law they could ask a solicitor to apply for an injunction to stop the noise, on the grounds that it is "materially interfering with their comfort". Expensive though.
2. They could themselves instigate a prosecution at the magistrates' court under the Control of Pollution Act, 1974. The Clerk of the Court would help them prepare an application for a Noise Abatement notice.
3. They could report my nine drummers drumming to the Environmental Health Officer at the Town Hall, and ask him to intercede on their behalf. He did and on the tenth day of Christmas I sent my nine drummers packing.



On the eleventh day of Christmas

my true love sent to me

Eleven ladies dancing...

They would never have got here at all if they hadn't realized the importance of strength in numbers. When the guard of their train blew his whistle and yelled, "All change!" they decided to exploit passenger power and stay put. They staged a sit-in demo, which is probably the best kind of demo of all, because it involves nothing more strenuous than remaining in your seat. It is the only known deterrent against those in the public transport business who, having promised to take us from A to B, try to drop us off at A+1. After muttered threats to shunt them into the sidings for the night, British Rail thought again and took them to their destination.



On the tenth day of Christmas

my true love sent to me

Ten pipers piping...

They were terrible. Their uniforms were dirty and they played out of tune. They ruined our Christmas party and quite properly my true love refused to pay the bill from Rent-a-Piper. When Rent-a-Piper sued, my true love had been smart enough to amass some evidence, so that it wasn't just our word against theirs. We took photographs, made tape-recordings. When we filed our defence, Rent-a-Piper dropped the case.

On the fourth day of Christmas

my true love sent to me

Four colly birds, three French hens, two turtle doves and a partridge in a pear tree

At least, she ordered four colly birds, but they never arrived because the shop failed to meet the promised delivery date. Shopkeepers are always optimistic about delivery dates when you place the order. It's only later that they tell you about the strike at the works, the fowl-pest sweeping Botswana and the world shortage of tennis balls, all of which are conspiring to deprive you of the colly birds you were promised for the fourth day of Christmas. What can you do to hold shopkeepers



On the sixth day of Christmas

my true love sent to me

Six geese a-laying...

Trouble was, none of the geese laid. My true love and I took them back to the live-stock suppliers from whom she had bought them and the owner pointed to a disclaimer notice on the wall which said, "While the Management takes every care to ensure that the laying geese sold on these premises can lay, it cannot be held responsible if the aforementioned geese do not lay."

Fortunately for my true love, the small print—or "exclusion clauses", as they are known—are no longer the con tricks they used to be. Thanks to the Unfair Contract Terms Act, 1977, no one can wash his hands of responsibility or disclaim liability by pointing to clauses 198 (c) iii buried away in the terms and conditions.

Those whose coats have disappeared from cloakrooms, whose clothes have been ruined by dry-cleaners, whose cars have been vandalized while in the safe keeping of a car-park attendant, will recognize the new Act as a real boon to the downtrodden customers.

Basically the Act offers two safeguards. 1. No one can disclaim responsibility for death and injury in any contract or notice. Such signs have no effect in law. 2. Whatever the customers signs or agrees to, liability for loss or damage cannot unreasonably be avoided. Travel agents, builders, cloakroom attendants, dry-cleaners, garages... none of these people can duck their responsibilities to the customers any more. On the sixth day of Christmas my true love got her money back.



On the fifth day of Christmas

my true love sent to me

Five gold rings...

She nearly didn't send me five gold rings though, because, being a bit short of cash, she wanted to buy them on HP. To her surprise her application for credit was turned down. As she had never defaulted on a debt, she was more than a little put out, was my true love.

Under the Consumer Credit Act, if a shop or finance company turn down your application for credit, you are entitled to know if they have consulted a credit agency which keeps a black list of real or imagined "bad risks". The shop or finance company must also tell you the name of the agency. You should then write to the agency, enclosing a 25p fee, asking for a copy of any file they have on you. Under the Act they have to do this.

If the agency's file is wrong, you can ask them to correct it. If they decline to do so, you can still write a note of correction up to 200 words long which the agency must then attach to your file and give to anyone who makes further enquiries about your credit-worthiness. If the agency fails to do this, or doesn't reply, you should ask the Director General of Fair Trading to intercede on your behalf.

My true love, however, found that as soon as she started talking about the Consumer Credit Act, all the problems about arranging easy terms disappeared.



and manufacturers to their promises? As I told my true love, when you place an order, make it clear (preferably in writing) that you must have the goods by a certain date. When they don't arrive in time (as is usually the case) you can then cancel the order, recover your deposit and claim damages for the inconvenience and expense to which you have been put. The very threat of this is often enough to ensure that the shopkeeper gets your colly birds to your loved one in time.

Clive Barnes/New York notebook

Another novelty, from the sea end of the Loire, is the Gamay des Marches de Bretagne of Marcel Sautureau, as delicious in the mouth as a crisp, crunchy and astonishingly lengthy—good for slightly greasy food. This shows what the Beaujolais grape can do in a cold climate. It is a good example of a variety already respected for his Muscadet (L22.15 from Ealls Bnrd, 313 Cambridge Heath Road, E2).

Pamela Vandyke Price

Collecting

Bridge

Cheap deception

Bridge

In one of his books on "precision" C. C. Wei devoted a chapter to practical defensive bidding against his artificial One Club with its 16 or more points. He concluded that it was a standard defence for opponents to bid One Spade at the earliest opportunity in order to

The opening One Spade was rather thin for a vulnerable bid and was punished in an unusual way. North's conventional Two No Trumps was a particularly poor choice for the purpose of punishing South's bid. The Three Clubs was an intelligent way of conveying his support for both partner's hearts. The curious feature of the contract was that, although bid defensively, it was

West North East South
1 Spade 2 No Trumps 3 Clubs 4 Dia-
monds Double No
No No No No

Roy Hay

Edward Mayer

PERSONAL CHOICE



Steve Jones, host of the new *Ann Bell*, who appears in talent show *Search for a Star* (TV, 8.15)

●I make no apologies for giving pride of place today to a radio play. It is *No More A-Roving*, by John Whiting (Radio 4, 8.30). Mr Whiting died, too young (he was only 45) and something of a martyr, in 1963. Most of his plays (*The Gates of Summer*, *Marching Song*, *Saint's Day* among them) were unusually intelligent, sometimes obscure and had brilliant theatrical flashes. Commercially they were write-offs. The critics did not like them, or did not understand them, or over-praised them. The one box-office success was *The Devils of London*, a predictable outcome given the subject matter. Tonight's radio play, Whiting's first, has never been produced before, anywhere, and these are two reasons why the broadcast is an event. It is set in 1496 and is the story of a rebellion of old friends. Funny and painful, says the *Radio Times*. In a word, then, quintessential Whiting. Alan Howard, one of the darlings of the Royal Shakespeare Company, shares the principal billing with Ann Bell.

●While I am on the subject of radio, let me remind you of one or two other programmes you might prefer to listen to tonight if the TV bill of fare does not appeal. Alistair Cooke, who has been doing as thorough a job with American popular music and jazz as he always does with world affairs, brings his excellent *The Golden Age: 1920-1950* series to an end (Radio 2, 1.05). With what he calls a 'summing-up', famous names all the way—Ella Fitzgerald, Al Jolson, Gertrude Lawrence, Ethel Waters, Goodman, Crosby, Astaire... At the other end of the music scale, there is a performance of Don Giovanni by Scottish Opera, direct from the Theatre Royal, Glasgow, with Robert Lloyd in the title role.

●Constantly, one hears the complaint: why has the flow of new variety stars dried up? Durable stars, they mean, not those who bravely twinkle for a while and then melt away into a black hole. Is it merely a question of lack of opportunity? I suspect it is merely a question of lack of original talent. Watch any of the so-called star discovery programmes on television and the same derivative acts crowd each other's heels. Once in a while, true, the heart misses a beat as a new performer strays off the well-beaten track and finds something new. But it is a rare occurrence. Tonight (ITV, 8.15) sees the start of a new talent-spotting series, *Search for a Star*. That it is a search, we must take for granted. Whether it will find a star is something else again.

●André Previn can be seen, and heard, in peak condition tonight. By that I mean that he conducts the Vienna Phil in a performance of Richard Strauss's gigantic *Alpine Symphony*, and that, at intervals, we are wrenched away from the players to be taken on a mini-tour of the jagged peaks of the Bernese Oberland in Switzerland. As this symphony is totally programmatic, we are entitled to ask whether the pictures are necessary. I submit that you will miss little if you close your eyes, and just listen.

WHAT THE SYMBOLS MEAN: †STEREO; *BLACK AND WHITE; (r) REPEAT.

Broadcasting Guide

Edited by Peter Davalle

TELEVISION

BBC 1

9.05 *Cart and Thrust*: the art of the epic. Penultimate section of this series on fencing.
9.30 *Multi-Coloured Swap Shop*: very varied magazine programme for the young, including behind-the-scenes visit to the *Star Trek* movie set in Hollywood and Jody Schecter, champion racing driver, answers viewers' questions.
12.15 *Grandstand*: items are: 12.20 Football Focus; 12.30 Racing from Cheltenham (also at 1.25 and 2.00); 1.10 *Skating* (men's downhill from Val d'Isère); 2.45 and 2.50 *Boxing* (world middleweight championship, Vito Amatore vs Marvin Hagler); 2.45 *Gymnastics* (Championships from Texas); 3.15 *Rugby League* (Widnes v Workington).

BBC 2

11.15 *Open University*. Seeing through drawings: 1.11.40 Don't be a Drop Out; 12.05 *Energy in the Home*. Close down at 12.20.
2.05 *Film: The Journey* (1929). Drama set in Hungary during the 1956 revolution. With Yul Brynner as a Russian officer, and Deborah Kerr and Robert Morley as some of the suspected foreigners detained at the border.
4.10 *Play Away*: songs and jokes for children. Brian Cant is the MC.
4.35 *Horton: Uranium Goes Critical*. Repeat showing of the documentary seen earlier this week. It

ton). 4.05 *Cross Country*. 4.40 *Final Score*.
5.05 *Tom and Jerry*: cartoon. Baby Puss.
5.15 *News* with Peter Woods. 5.25 *Sport*.
5.30 *The Basil Brush Show*: The fox and his human friend find theatrical 'digs' with comedian Thora Hird.
6.00 *Dr Who*: part 3 of *Nightmare of Eddard*.
6.25 *Larry Grayson's Generation Game*: the programme that is now topping the Top Twenty league table.
7.20 *Secret Army*: wartime adventure serial that rings true. Tonight: Capt Durnford rescues Monique from a mob and Albert (Bernard Blier) loses her.
8.15 *Shirley Bassey*: She goes to

the Space Center at Cape Kennedy does space garb and sings *Singer's* series.
9.00 *Dallas*: Texas oil family drama. Tonight: Pamela finds she is pregnant and has to make a momentous decision.
9.50 *News* with Peter Woods.
10.00 *Match of the Day*: highlights from today's Football League games. Also pools check and Bob Wilson's round-up.
11.00 *Parkinson*: with Frank Muir Denis Norden, Joanna Lumley and David Bellamy.
12.00 *Weather and Close-down*.
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ROYAL ALBERT HALL

Kensington, SW7 2AP
 TODAY AT 3.00 p.m. and 6.30 p.m.
CAROLS FOR CHRISTMAS
 ENGLISH BAROQUE CHOIR LONDON ORIANA CHOIR
 OSIAN ELLIS harp
 Malcolm Hicks organ, Tristan Fry percussion,
 English Brass Ensemble
 Boys' Choir & Recorder Ensemble: The Harbourside School
 Conductor: LEON LOVETT
 Tickets: afternoon, a limited number at the door.
 Evening: £5.25, £3.75, £1.75, £1.25 and 75p (standing); all others sold.
 From Royal Albert Hall Box Office, Kensington Gore, London SW7 2AP (01-589 8212).

ROYAL CHORAL SOCIETY

Conductor MEREDITH DAVIES
 SAT. NEXT, 15 DEC., at 2.30 & 7.30. MON., 17 DEC., at 7.30
ANNUAL TRADITIONAL CAROL CONCERTS
 with
INSTANT SUNSHINE
 John Alley, John Birch, John Williamson, Michael Laird,
 75p to £5.50 from Box Office (01-589 8212) & Agents.

THE 1979 FESTIVAL OF CAROLS

Saturday, 22 December, at 3.00 and 7.30 p.m.
THE 1979 FESTIVAL OF CAROLS
 LONDON CHORAL SOCIETY
 Conductor: Nicholas Cleobury
 Margaret Phillips
 English Brass Ensemble
 James Blades
 Special Evening Arrangement: The Singing Singers
 Afternoon: £1.25, £1.00, 75p standing.
 Evening: £5.50, £1.75, 75p standing.
 From Box Office (01-589 8212) or The Ticket Secretary,
 1 Alder Lodge, 292 Burg Street West, London, W.9.
 (01-362 5251)

LONDON SYMPHONY ORCHESTRA

(Principal Conductor: Claudio Abbado)
ANNUAL NEW YEAR VIENNESE GALA
 directed from the violin in traditional Viennese style by
JOHN COLEMAN
 £1.75, £2.75, £3.50, £1.25, 50p, Hall (01-589 8212) & Agents.

THE SINGERS COMPANY

Dir. Peter Knapp
 New English version of Rossini's
THE BARBER OF SEVILLE
 18, 20, 22 Dec., 8 p.m.
 Offenbach's LA PERICHOLE
 19, 21, 23 Dec., 8 p.m.
 Tickets £1.60, £2.65, £3.20
RIVERSIDE STUDIOS
 Crisp Road, London, W.6
 Box Office 01-748 3354

ROUND HOUSE Chalk Farm

15 December, 8.00 p.m.
MUSICA NEL CHIOSTRO
 in
LOVE AND THE ICE CREAM VENDOR
 a new version by Russell Davies
 of Haydn's opera LO SPEZIALE
 Cast: Bonaventura Bortone, Sandra Dugdale,
 Francis Egerton, Diana Montague
 Conductor: Jane Glover Producer: Patrick Libby
 Designer: Adam Pollock
 Tickets: £2, £3, £4 from 01-267 2564

CENTRAL HALL, WESTMINSTER, LONDON SW1

THURSDAY 20th DECEMBER at 7.30 p.m.
CAROLS & CRUMHORN
 A Concert of Medieval and Renaissance Christmas Music with traditional Carols
 for Choir and Audience
 LONDON ORIANA CHOIR
 Introduced and Conducted by Leon Lovett
 Schubert, Carols, Rebecca, Viola, Crumhorns, Recorders, Cuckles, Lute,
 Rauscher, Percussion, Bombar, Percussion and Great Organ.
 Tickets: £3.00, £2.00, £1.00, £1.00 from Box Office (01-222 8289), enclosing a.s.c.

ST. JOHN'S, Smith Square

TUESDAY NEXT, 11 DECEMBER at 7.30
CHRISTMAS CONCERT
 Sponsored by Schroder Life Group
 Charpentier: MESSE DE MINUIT, Poulenc: MOTETS
HANDEL: DIXIT DOMINUS
 St. Margaret's Westminster Singers
 Richard Hickox conductor, RICHARD HICKOX conductor
 £4, £3, £2, £1.50 from St. John's Box Office (01-222 1061) or at door.

Wigmore Hall

Manager: William Lloyd, Mailing list £1 a year
 Tickets from Wigmore Hall, 36 Wigmore St, W.1
 01-935 2141 or Keith Prowse and other agents
Arts Council of Great Britain

Today 4.30 p.m. THALIA MYERS-mano
 5.30 p.m. 1.10, 2.10, 3.10, 4.10, 5.10, 6.10, 7.10, 8.10, 9.10, 10.10, 11.10, 12.10, 1.11, 2.11, 3.11, 4.11, 5.11, 6.11, 7.11, 8.11, 9.11, 10.11, 11.11, 12.11, 1.12, 2.12, 3.12, 4.12, 5.12, 6.12, 7.12, 8.12, 9.12, 10.12, 11.12, 12.12, 1.13, 2.13, 3.13, 4.13, 5.13, 6.13, 7.13, 8.13, 9.13, 10.13, 11.13, 12.13, 1.14, 2.14, 3.14, 4.14, 5.14, 6.14, 7.14, 8.14, 9.14, 10.14, 11.14, 12.14, 1.15, 2.15, 3.15, 4.15, 5.15, 6.15, 7.15, 8.15, 9.15, 10.15, 11.15, 12.15, 1.16, 2.16, 3.16, 4.16, 5.16, 6.16, 7.16, 8.16, 9.16, 10.16, 11.16, 12.16, 1.17, 2.17, 3.17, 4.17, 5.17, 6.17, 7.17, 8.17, 9.17, 10.17, 11.17, 12.17, 1.18, 2.18, 3.18, 4.18, 5.18, 6.18, 7.18, 8.18, 9.18, 10.18, 11.18, 12.18, 1.19, 2.19, 3.19, 4.19, 5.19, 6.19, 7.19, 8.19, 9.19, 10.19, 11.19, 12.19, 1.20, 2.20, 3.20, 4.20, 5.20, 6.20, 7.20, 8.20, 9.20, 10.20, 11.20, 12.20, 1.21, 2.21, 3.21, 4.21, 5.21, 6.21, 7.21, 8.21, 9.21, 10.21, 11.21, 12.21, 1.22, 2.22, 3.22, 4.22, 5.22, 6.22, 7.22, 8.22, 9.22, 10.22, 11.22, 12.22, 1.23, 2.23, 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Fred Emery

The great self-confidence trick

Before this extraordinarily buoyant week, the Government got under way, one of the more robust spirits in the Cabinet confided a belief that smacked of wishful thinking. The country, especially the skilled workers, he said, was catching the mood of Margaret Thatcher's self-confidence.

They understood her standing up to the EEC, better than did the sophisticated; they were getting the message on pay, the belief going home that the medicine had to be taken if there was any chance for national survival. Above all people were responding, he argued, to her holding the country's head up again.

What this was before the miners' ballot and the Rhodesia settlement buttressed that Minister's thesis and put firmly to the back of most minds nagging questions over what, in fact, Mrs Thatcher had achieved by confronting her EEC colleagues; before, too, the initial foreboding at Mr Charles Haughey as Taoiseach.

The evidence of the country's response finds the jury still out; some may return that all they see is foolhardiness and risk taking. But there can be no doubting the evidence of rising ministerial self-confidence.

At the top, the Prime Minister at times has difficulty containing her enthusiasm for the crusade she believes she is leading. Take the improvised speech she made last week before the sceptical audience of

parliamentary and political reporters. She had been apparently prevailed upon to lay aside her belief and tell us what she really thought. With refreshing lack of guile she said it was the certainty that Britain was the biggest bastion of liberty around (well, just short of the United States) and all our difficulties were subordinate to ensuring that democracy flourishes. In a little-noted passage she waxed bullish on the economy. "I would not necessarily accept that we are going to have much lower growth next year," she said, defying the Treasury forecast of a recession next year.

It was going to get herself a much more sceptical forecaster. "Everyone has so had their eyes on this blessed recession that they failed to notice that borrowing is booming, and that employment is still holding," said she. She wanted to encourage Britain to take steps as if we were in a crisis so that we don't get into a crisis.

It is a difficult psychological exercise, and in some trivial things government cracks show through. Calling the trade union reform legislation the "Employment Bill" was rather pointless meant to be a sign of positive thinking. That could jog memories of the unimpaired Spinoza shouting "what's good about America" in contrast to the news reporting of the bad. But a vital difference is that whereas the Nixon

men hardly ever had any self-confidence, the Thatcher team, or most of it, is brimming with it.

There is a certain irony in this. The Rhodesia negotiation is the prime example. Indeed, ever since the Lusaka triumph, if that be the word, boldness, risk taking and decisiveness, or its appearances, have permeated the Government's approach to virtually everything. Heaven knows how Lord Soames, deserve all the luck going, and then some. It is an amazing gamble, the more one looks at it: far more ambitious than anything attempted since British troops in the early sixties were sent to East Africa, or to Brunei, to stabilise regimes.

Lord Carrington has, in fact, revived imagination and morale among the talented middle levels of the Foreign Office for this last part to hold the ring, providing, as the new Zimbabwe Bill expresses it, almost with relief, for the Southern Rhodesia of the Parliament and Government of the United Kingdom.

If it goes wrong there will be enough irreconcilable Conservative right-wingers to complain, not with Mr Enoch Powell's lament at the "suicidal folly" of engaging British forces in the morass, but for scuttling, as they see it, the Muzorewa-Smith Government.

But the wider evidence is that the

Carrington theme is being attempted, with variations, in other departments. There is Michael Heseltine, in Environment, clearly, issuing the challenge to find out, or try to, how we manage the business of administering ourselves in government. And then to try—despite his admitted past excesses—to revise and refine it.

There is the Cabinet's self-confidence in ceding to Opposition indignation and threats, and deciding to bring the Local Government Bill to the Commons rather than to the Lords. There are the Civil Service cuts, at last, where it can be argued that the Government has had the self-confidence not to wield a wild-swinging axe, but to end up with demands that move be done.

There is the evidence, at the meeting of the National Economic Development Council, that Sir Geoffrey Howe, Chancellor of the Exchequer, conceded to the unions and employers that monetary measures were not the sole means of dealing with the supply side of the economy.

And there is even evidence that other Ministers have the self-confidence to put down Lord Carrington when he goes too far. The Foreign Secretary's suggestion in a speech that we might join the European Monetary System (EMS) has been firmly squashed. Exchange rate policy, and the abolition of exchange control, seen as one of the most important and self-confident actions

the Government has taken, means that we are not about to surrender advantages by getting inside the EMS.

That said, there seems to be new unanimity in the Cabinet that Britain's EEC payments crisis must reach a positive, not an obstructive, solution. To embark on a policy of blocking our partners, who initially popular, could also slip over into encouraging the left-wing demand for withdrawal.

So, apparently, we mean to be Cautionists, but not as wreckers, rather as revivers of national faith. It escapes me who said that half the business of governing the modern state is having the nerve to try; but true self-confidence will also mean having the nerve to break free from dogma.

It will mean the nerve to change course without fear of the now fashionable sneering over a "U-turn". That is, despite encouraging signs, yet to be proved.

And so, of course, is the faith index of Conservative voters. Next Thursday's by-election at Herefordshire, South-West, provides a timely test of the solid suburbanite. Will the burden of mortgages, the rising household budget and consumer prices make them melt away like the "summer soldiers" of George Washington if half of them stay for a result deemed "good" the Cabinet will be dismaying it is indeed all catching on.

An Irish patriot who dislikes IRA's methods

Mr Charles Haughey has succeeded Mr Jack Lynch as head of the Fianna Fail party and therefore automatically becomes Taoiseach or Prime Minister in an Irish Government. With some two years to run before a general election becomes mandatory.

Little is known of Mr Haughey outside Ireland, save that he was accused of running guns for the IRA, and dismissed from a previous Lynch government in 1970, and, among other things, that he had earlier been expelled from a budget that expected all citizens to pay income tax on their work.

In view of the mud that has stuck to his name from the "Arms Trial" and the support role he will now have to play in future attempts to solve the Ulster imbroglio, his attitude (and the truth of the allegations about him) are of considerable importance to general political views.

His family were of Roman Catholic stock. Ulstermen, burned-out by Protestant extremists in the pogroms of the early twenties, he was there fore born in what was in 1925 the Free State and educated in Dublin. Among his exact contemporaries and schoolmates was Mr George Colley, a lifelong rival whom he has just defeated for the leadership.

After doing well at the university, Mr Haughey became a chartered accountant and quickly began to amass the fortune which he has gradually increased. He married Maureen, the daughter of Mr Sean Lemass, a man who had fought in Easter Week 1916, had divided his life between business and politics, and who followed de Valera as Taoiseach in 1959, a post he held for seven years.

Mr Lemass, probably the most astute head of government Ireland has ever had, no sort of interest in the armed struggle, was Mr Haughey's political mentor. The young man soon entered politics and had a meteoric rise, being a minister by 1961. He held several portfolios, including Justice, but made his mark in finance.

In succession Mr Lemass and Mr Haughey shifted the Irish economy away from the doldrums of the de Valera epoch and launched the Republic, as it now was, on the way to its "economic miracle" of the late sixties and seventies, which has only recently lost its momentum.

One of the more onerous legacies of British rule in Ireland was a waste industry, initiated by Sir John Lubbock, 1st Baron of Service. Irishmen replaced Englishmen, but the numbers remained or increased. Lacking firm ministerial control, the dead hand of an overpowered bureaucracy was a stifling effect. Mr Haughey, as Minister for Finance, would stand for none of this.

To the relief of his more intelligent and less hidebound civil servants he made it perfectly plain who ran his ministry. He had wished for personal wealth, now he wished it for his country; by Irish standards he achieved both, with great rapidity. His forceful methods, and his sense of purpose, of course, and inspired fear in some.

When this writer once asked him why he wanted power, he replied, quite simply, "In order to use it." Some might say that about Caesarism, and were not unhappy when apparently crushed in 1970. He was fully acquitted in the High Court and in the Dail he made a statement in which he said: "At no time have I taken part in any illegal importation or exportation of arms into this country."

But in politics it is enough mud is thrown, some sticks, many thought, and with some relief that his spectacular career was over.

They underestimated their man. Calmly, quickly, never publicly vindictive, he fought his way back. Nationally popular, trusted by the business community, an obvious patriot, Mr Lynch had no choice but to include Mr Haughey once again in his Cabinet when Fianna Fail won the election some three years ago.

He was offered, and accepted, the onerous Ministry of Health, and with his usual flair for publicity rather ostentatiously gave up alcohol and tobacco. That ministry is an Irish minefield, strewn with subsidised medicine, contraception and abortion. He threaded his way through it causing only minimum distress to doctors, clergy and the public.

Without abusing the media—he only appeared very rarely on television in his spare time, like him or not, the Irish came to see that they had among them the first politician of real stature since his father-in-law's time.

There are two main strands in Irish patriotism: the one stretching back through Redmond, Parnell and O'Connell, the other finding its heroes in the Marxist Connolly, the Jacobin Wolfe Tone, and as a result incorporating the two, the highly unpopular IRA and its political wing Sinn Féin.

Mr Haughey belongs essentially in the first tradition and has an acute dislike for the Marxist IRA of today and for its terrorist methods. For two aspects of Irish public life that years once described as "weasels fighting in a hole". He is a patriot in that he desires prosperity—in the Jeffersonian meaning of that word—for all Irishmen.

He is far too intelligent to imagine that the Ulster Unionists could somehow be coerced into a thirty-two-county Republic. Should those Unionists succeed in producing a leader of stature themselves, the two men could no doubt talk as sensibly (and as privately) as Lemass used to talk to Brookborough.

Like all sensible Irishmen, he is not—as certain persons in England have suggested—anti-British, provided always that the British do not try to dictate to Ireland, for he is quite lacking in the feeling of inferiority that can affect people who once were conquered.

London may not find him as easy to deal with as his predecessors, but they may find such dealings more fruitful. He should at least provide some firm ground amidst the quaking quicksands of Ireland's and Britain's present misery.

Constantine FitzGibbon

Hobbes still has the answer

Thomas Hobbes, once blamed in an Act of Parliament for causing the Great Fire of London and the Great Plague, died 300 years ago this week. He is buried in the churchyard at Hault Hucknall, near Hardwick in Derbyshire, under a simple stone slab which says: "Thomas Hobbes, Warrenton put it: The plain expediency of self-interest becomes the moral objective to preserve the whole human race. The imperative is still self-interest and the condition is that everyone must come into the same boat. Hobbes wrote little on foreign matters but the implication is for the construction of an all-powerful World State.

If the United Nations was transformed into an international Leviathan, the sayings of the Ayatollah Khomeini and the occupation of the United States embassy would really become no more than a "little local difficulty".

Under the Hobbesian model each country would have given up just so much power to the United Nations so as not to be able to pull out of the contract. Nothing would happen until a country was menaced: then the United Nations/world state would move in to keep the peace.

For all of his ideas—relevant or not—Hobbes was himself a remarkable man. He could probably claim to be the first-ever jockey. He loved nothing better than to run up and down hills and to retire early to bed to sing songs for an hour. His favourite sport was tennis and he still played when he was 75.

In 1656 he was cited by name in the Bill against Atheism and Profane and Blasted for the two great disasters of 1665 and 1666. A special Commons subcommittee was set up to examine the meaning of Leviathan, and though the Bill was never passed, Hobbes never got permission to print works on human conduct in Britain again.

He made major contributions to what is now called egoistic psychology, logic, moral philosophy, the use of models in the social sciences, and he translated Homer and Thucydides. Above all he was a man who loved controversy. Charles II used to say affectionately of his former tutor: "Here comes the bear to be baited."

Paul Flather

* The first two volumes of the complete works of Thomas Hobbes edited by Professor Warrenton are to be published shortly by Clarendon Press.

But in the period leading up to the English Civil War Hobbes was few friends: he annoyed Royalists because he talked about a social contract and not the Divine Right of Kings, and more importantly, provided little help in the attempts of the Stuarts to

The superhero of the 'thirties comes well-packaged. A 16-page booklet with 10 sections from "statistical data" to "addresses" is handed to anyone going to see him with the explanation "he likes people to know a little bit about him before they ask him questions".

The booklet starts with the birth of Douglas Fairbanks, Jr. in New York on December 9, 1903, and follows his career through 75 films, dozens of plays, radio broadcasts, television programmes, records, articles and art exhibitions.

There are 43 items listed under "public service and associations from vice president of the William Allen White Foundation to defend America by aiding the allies (1939-1941); through co-chairman (with Mrs Gerald Ford) of the bicentennial committee for sound and light at the Capital to meet the Gull of St Giles Church in Fleet Street.

Our hero's war career from lieutenant United States Navy to captain United States Navy through arctic convoys to Lord Mountbatten's Combined Ops Commandos take two pages.

If he comes well-packaged, he also comes well dressed. A slim fitting blue double-breasted suit sets off the Commandos' complete with the mother of the President of the United States and they are jointly held to ransom for \$30m.

As Malcolm Philpott, the suave head of the United Nations anti-crime organization Mr Fairbanks saves tower, president's mother and \$30m, all at once.

It is, he says when asked what



Douglas Fairbanks, Jr.: Swinging with feet on the ground.

With one leap, our hero is back in the risk business

Alistair Maclean epic called *The Hostage Tower*.

His leading co-star is the Elfin Tower itself, captured by terrorists complete with the mother of the President of the United States and they are jointly held to ransom for \$30m.

As Malcolm Philpott, the suave head of the United Nations anti-crime organization Mr Fairbanks saves tower, president's mother and \$30m, all at once.

It is, he says when asked what

has lured him back to perform for the cinema, "A Robt-Roy production". The script, his fellow actors and the setting have all combined to persuade him to spend a few weeks doing the job he first tried in 1923 against the express wish of his father.

And it is when he starts to talk of his father and of the real meaning to him of the cinema that the Biggles image, with its medals and degrees and stories of success, begins to

fade. Instead Douglas Fairbanks Jr appears, with the emphasis on the "junior".

He obviously loved and admired his father, although he denies categorically that it was hero worship which drew him to the cinema. "The reasons were purely economic," he says.

"I didn't feel dedicated," he explains. "Only later on when I had no choice, I realized I had to be dedicated. There were many people dependent on me that just had to keep plugging along. I got fortunate but I managed to keep my feet on the ground."

That seems the real essence of the man whose career can only be summed up in a booklet: "A man with his feet on the ground. He made his name like his father swinging from ropes and chandeliers with a sword in his hand and a pistol in his belt and all the time he was learning that the safest place was on the ground."

So he learnt his trade the hard way and acquired a healthy respect for professionalism in the process. "I know of nobody who stays as successful by accident. Actors, writers and directors who are recognized by their peers as qualified in their trade as any doctor or lawyer is in his."

It is probably a sneaking suspicion that really was not good enough which caused him to quit the screen. "I was at the top, and like any good gambler I knew the time to leave is when you are winning."

It is probably because he knew it was like a fall that he has warned his three children off the acting profession.

For him "the golden age of the cinema" never existed. "I have never known a time when people weren't talking about the good old days, but there were always frustrations and usually they amount to money."

Ian Murray

Which comes first, patient or trade union?

The recent events at Charing Cross hospital attracted widespread publicity, and the counter-demonstration, supported by all the hospital staff, proved so successful that the dispute went to arbitration: the engineers are now back at work and the hospital is being reopened.

The doctors who organized the demonstration have been widely applauded for placing the welfare of their patients above all other considerations and for their subsequent refusal

to take sides in the dispute. This consistency places them in an enviable position.

It is unlikely that any other group who choose to overturn a picket-line will find themselves in quite such a fortunate position again. Had the dispute been official, the outcome might have been different. So, before the euphoria subsides, it is important to examine the background.

Over the past few years, the NHS has seen the development of two growth industries. On one side is a top-heavy admini-

strative hierarchy, rendered impotent by four and sometimes five tiers of management. Guidance by remote control is a recipe for disaster. Relocation of decision-making processes within the hospital and elimination of an upper tier of management is long overdue.

However, the growth of bureaucracy within the NHS is an essentially benign process. Unhappily, the same cannot be said of the growth of trade union power and the emergence of restrictive practices within the health service.

The methods being advocated by certain trade unions are fundamentally incompatible with the welfare of patients. If these practices become widespread, they will significantly affect the best service available to function and will seriously endanger life.

Much of their effect is now being negated by the refusal of medical staff to cooperate. If ward orderlies are not available, then nurses serve the food and even keep the wards clean. If no porter is available, doctors take urgent specimens

to the laboratories and even ferry patients to theatre.

It is not their job, but patient welfare dictates their actions.

It is a curious anomaly that the NHS, established to provide services for everyone, regardless of class, should now be a target for militant activity and a focus of industrial conflict. If the orders of the big health service unions exact their utterances to command any respect, then they must demonstrate a willingness to dis-

pline members who act unofficially.

The recent debacle at Charing Cross was caused, not so much by a failure of management, but by the refusal of union members to heed their own national executive. The onus is on both sides to put their affairs in order.

Dr Robin Russell Jones

The author is a Senior Registrar at Charing Cross Hospital (Fulham) in London.

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When the world looks to Park Paddock

Founded in 1766 and still going strong, the Park Paddock is the foremost bloodstock auctioneers in Europe.

Things have come a long way since Mr Richard Tattersall first set up shop at Hyde Park Corner 213 years ago. At that time "Corner" was a rendezvous for all fashionable London. Hounds, dogs and carriages were as solid as well as thoroughbred horses. The Jockey Club, then even more than now the ruling body of the turf, had their own set of rooms and their own coach to prepare their favourite dishes.

Now presided over by the cousins Kenneth and Michael Watt and their partner, Tattersall's moved to their present headquarters at Park Paddock, Newmarket, in 1966, the year of their double centenary.

Park Paddock is situated in an area of 42 acres. Apart from the sale ring itself, there is a dining room, with a long table reserved for the partners and their guests, bars and 689 boxes. The firm also have the use of 300 extra boxes around the town to accommodate any overflow of the visiting equine population.

The office is a hive of activity which is run by the firm's genial and efficient manager,

Alan Taylor, who has been with Tattersall's for 32 years. Here a thousand and one questions are answered and newcomers are initiated into the efficient and their sponsors that there is hardly ever a disputed bid.

"If any doubt occurs," says Mr Taylor, "the bidding merely opens at the last figure recorded and the parties concerned fight it out between them."

The action itself takes place in the sale ring, a circular building with seats rising to the roof. Apart from the auctioneers' rest room, there are also special enclosures for prospective bidders. In all there is accommodation for 1,500 people, with 500 able to be seated.

It is a colourful scene. Every nationality is represented, and any form of dress is the order of the day. Huskies, and tweed coats, fur coats, and moustaches and always the occasional flash of colour from the younger bloodstock agents and their clients who are clad in American gear.

At the Houghton sales Henry Cecil took first prize by appearing in a pair of black, orange and green trousers.

There have been some dramatic moments in this ring, including that freezing night in 1967 when Doctor Franklyn, a Californian plastic surgeon, gave 136,000 guineas for Vaguely Noble. This was a record at the time but Vaguely Noble went on to win the Prix de l'Arc de Triomphe and is

now one of the most influential stallions in the world.

And then again there was the time in October when Harry Tomson Jones, acting on behalf of an Arab client, gave 625,000 guineas for a yearling colt by Lyphard called Silver Fox. This too was a new European record.

The October and Houghton sales are the most glamorous of the auctions at Park Paddock. This year's yearling may be the Derby or Oaks winner. Two seasons later, so the most attention is obviously focused on these occasions.

However, the December sales are probably even more important as they are the future is concerned. For the mares and fillies for which the foreigners have been bidding eagerly this week are our seedcorn. The United States may now possess a preponderance of the world's best stallions. But our own breeders have been remarkably successful in retaining the cream of their mares.

It is a maxim in racing that the class of a horse is determined by its sire, but that its character and will to win comes from its mother. And that is why the foreign bidders have been eagerly at work this week.

It is impossible to overstate the international ramifications of the industry. Business is being done everywhere, not only in the sale ring and the bars, but also in the two art galleries above the auctioneers' rostrum.

This talk spills over nightly

into the hotels and trainers' houses in the town. I spent one night with one of our leading trainers. The guests included a Swedish industrialist and his trainer, a German, an American and a Frenchman; all were closely concerned with the industry and the chat went on into the small hours.

Also present was Michael Motion, one of our leading bloodstock agents, who is moving his home to Millbrook in New York State on Monday. His wife Jo told me that their furniture is already on its way. I asked Mr Motion why he was going. "I've spent nine months out of every twelve in the past five years in the States. And quite frankly I'm fed up with being a grass widow. I've got four children, two of whom are already being educated over here. The Tate turnover is big. There is a 25 per cent breeder's premium available for every state-bred horse down to fourth place. And if the stallion

is also bred in New York his owner also gets a 15 per cent bonus. So there is a possibility that the owner of a horse can receive a 40 per cent premium in addition to the prize money. All the other states on the Eastern Seaboard are showing great interest and many are moving their interests to New York."

Missing from Newmarket High Street is Musk's butchers shop, whose sausages were famous all over the country. Their maroon-fronted shop, with its gold lettering and gilt coat-of-arms, was closed in May. The Drake family bought the long guarded recipe from the Musks at the turn of the century and have now been selling their wares in the rich and famous for about 80 years.

Recently the brothers, Lew, Jack, and their sister sold the recipe to a newly opened delicatessen in the modern shopping precinct. Jack, a lively and sprightly 66-year-old, serves his wares from behind the counter and is still dispensing his sausages to all and sundry.

The good wishes of the racing world go out to Jamie Douglas-Home and Christine Stephenson who will be married in London on Monday.

Son of the playwright, nephew of a former Prime Minister and cousin of our Foreign Editor, Jamie met his wife from behind the counter and is still dispensing his sausages to all and sundry.

Now they are

going into the hazardous world of training racehorses.

Jamie's father William is madly enthusiastic about horses, and as Christine's father, Willie Stephenson, is the only living Englishman to have trained the winner of the Derby and the Grand National, they can count on plenty of advice.

Michael Seely



Kenneth Watt: a driver force behind Tattersall's.



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ONLY A SECONDARY BILL

The British economy is in some ways particularly favoured. We have North Sea oil. We have large reserves of coal. Our energy position is much better than that of our main industrial competitors. We have a financial centre with large earnings, disproportionate to the size and strength of our economy. We have a small but highly efficient agriculture. If we did not have these advantages our situation would indeed be desperate because we have exceptionally low productivity in manufacturing industry.

According to the Dresdner Bank figures, if the index of productivity is taken to be 100 in West Germany, it is 128 in the United States, 78 in France and only 52 in Britain. These figures confirm the results of other studies which have shown that German productivity is about twice the British. As manufacturing is essential to the creation of wealth in Britain, this disparity in productivity is not only damaging in the present but very dangerous for the future.

There are arguments about the proportion of blame that should be attributed to the various influences on productivity. Social attitudes play a part in determining productivity and so does the quality of management. But the obvious contrast between Britain and the high productivity countries is in trade unions and trade union law. Germany has strong trade unions subject to a code of law. The United States has much weaker trade unions also subject to a code of law. Britain has powerful but badly structured trade unions deliberately given the most extensive possible legal immunities by the Labour Government in 1974 and 1975. Britain has allowed the free market in labour to be destroyed.

The new Conservative Employment Bill should be scrutinized in the light of this critical failure of productivity. So far as the trade union monopoly power

accounts for our low productivity, will this Bill do anything, or anything sufficient, to put that right?

The Bill's proposals are of various kinds. The proposal to finance secret ballots is purely optional; there is nothing to stop unions having secret ballots now. This proposal is sensible, but it is not an important change, nor would it significantly affect productivity.

The provision for codes of practice is also to be supported, depending of course upon the terms of the codes themselves, but is similarly remote from the main issue. In so far as these codes of practice improve industrial relations they will open the way to improvement in productivity, but the effect is likely to be very modest.

The Government's approach to the closed shop is to accept the right to have closed shops in principle, but to give improved remedies to those who are excluded from membership of a relevant trade union or are dismissed because of a closed shop. Here again the additional compensation is obviously desirable in itself. So far as the Government are moving at all they are moving in the right direction, but not at all far.

The closed shop is one of the major inhibitors to raising productivity. Where there is a closed shop, the people working in that shop can normally control the technology that is employed and the conditions under which that technology is worked. Closed shops have often been built around technologies which are now obsolete, or are becoming obsolete; a closed shop can easily become a protection for obsolete equipment and methods.

The Government want to compensate some people for the injury that is done to them in not being allowed to join a labour monopoly, but that does not compensate the consumer for the injury of being forced to pay monopoly prices for the product of closed shop labour. Nor does

it compensate industry for the waste of manpower imposed by the closed shop monopoly power.

Two clauses deal with the problem of secondary picketing and compulsion to join unions by secondary picketing. Both are to be inhibited by removing the legal immunities of unions when they go outside the bounds of the Bill. This legal shift is of great potential importance. Wide immunities from civil actions have given British trade unions their unique and totally unjustified legal monopoly. This legal monopoly has contributed powerfully to keeping down British productivity.

It is right to take away this legal protection for secondary picketing and secondary blacking, which are extra coercive powers in the hands of the unions — powers which can be exerted against people who have no connexion with the original dispute and perhaps no connexion with the unions involved. The Government are taking an important legal step to deal with unpleasant abuses, but that does not mean that these abuses are a central part of the armoury of the unions. They are weapons which only come into play on special occasions.

Secondary picketing and secondary blacking have only a small part in determining the ability of unions to impose the continuation of obsolete production methods, unreasonable demarcations and exaggerated manning levels on British industry. Most of our industry suffers from all three of these evils. The whole Bill will make hardly any difference in practice to the power of management to put them right. That would require a different approach both to the closed shop — which should be seen as intrinsically uneconomic as well as a justifiable condition of industrial disputes. Judged as it should be, by its potential contribution to raising productivity, this Bill does little, indeed very little, to help.

Threat to unity of Labour

From Mr Bryan Magee, MP for Waltham Forest, Leyton (Labour)

Sir, The great threat to the unity of the Labour Party comes from those persons on its left wing who are demonstrating a complete failure to understand the nature of the party of which they form so untypical a section.

What the Labour Party has always been is a coalition of the democratic left, embracing people of all shades of opinion between the Conservative Party and the Communist Party, and it was that fact more than any other that enabled it to become a genuine mass movement.

What some of these left wingers now seek to do is to turn it into a party organized round a single Socialist doctrine of an obviously neo-Marxist character, and to exclude from positions of influence if not from the party itself, all who refuse to go along with that. They either do not understand or do not mind the fact that this would destroy the Labour Party as we have always known it. In particular, they seem deaf to the point that if they succeed in imposing their will on the party it must soon thereafter cease to be a mass movement, since the number of doctrinal Socialists in this country is exceedingly small, and everyone else who is left of centre will be forced to look elsewhere for political representation.

The most dangerous thing of all in the present situation is this illusion that the left, despite being so small, is the view of the vast majority of most Labour supporters, can nevertheless carry them along in the implementation of its unpopular policies. It cannot, and if the Labour Party splits it will be because of the left's failure to understand this and behave accordingly.

Yours, etc.
BRYAN MAGEE,
House of Commons,
December 6.

Dr Mervyn Stockwood

From the Reverend Nicolas Stacey

Sir, The punch-line in your article of 27 November is that Dr Stockwood's resignation is a "High Church Tory who finds compensation for his bachelor life in the glamour of episcopal office". It is, in fact, a quotation from my book, *The Church in the Twentieth Century*, which is misleading and has angered some clergy in the diocese. I hope the full paragraph of what I said gives a fair picture of a distinguished man:

There are few people in the Church of England for whom I feel more sympathy than Dr Stockwood. He has always been accident-prone, has worn his faults on his sleeve and has laid himself open to criticism. He is obviously and painfully torn between heart and head. Intellectually he is a Radical Socialist dedicated to the building of a fairer society with a lively concern for the underprivileged. Emotionally he is a high church Tory who finds compensation for his bachelor life in the glamour of episcopal office. He is, in fact, a quotation from my book, *The Church in the Twentieth Century*, which is misleading and has angered some clergy in the diocese. I hope the full paragraph of what I said gives a fair picture of a distinguished man.

And I went on to say, "In view of the disappointments and frustrations of much of his work in Southwark it is to his lasting credit that he has prevented his heart from completely taking over."

Yours faithfully,
NICOLAS STACEY,
Director of Social Services,
Kent County Council,
Sittingbourne,
Kent
November 28.

Operatic priorities

From Mr Thomas Hensley

Sir, In the world of opera, surely one present economic situation should be seen as presenting an artistic challenge — an opportunity to reassess priorities. The present Covent Garden building programme, which is long overdue, must be completed as soon as possible; but it is equally essential to continue to compete with each other in the costly excesses of "interpretation" of the operas that they have taken on, then opera as Covent Garden now knows it must surely collapse.

All important movements of operatic reform and revitalisation have involved a return to essentials. Financial stringency can, as for example in post-war Germany, give rise to periods of operatic greatness. It is not surprising that in opera "expensive" and "excellent" are synonymous; having sung in opera at all levels, I know that this is not the case.

A radical new look at priorities could achieve excellence within the framework of the existing financial situation, and also provide inspiration for the future. Opera could then reestablish its unique ability to throw light on the most varied aspects of human existence, and cease to be what Jonathan Miller has described as "a pool-winner's fantasy".

Yours faithfully,
THOMAS HENSLEY,
10 Dunewood Road,
Highgate, N6.
December 4.

Reviving Civil Defence

From Mr A. G. Cowell

Sir, I served as a warden in the Civil Defence until it was disbanded and was for a time a chief warden.

I am sure there are many emergency services, particularly local ones, that could be dealt with by a Civil Defence Corps. Some training would be necessary, but for many years as a member of the CD I was consulted on all kinds of problems. One very good advantage that a warden had was that he was not police but a neighbour.

Yours faithfully,
A. G. COWELL,
7 Holt Copple,
Aughton Green,
Near Ormskirk,
Lancashire,
December 3.

LETTERS TO THE EDITOR

Answering Vatican charges

From Mr Morris L. West

Sir, I endorse wholeheartedly the protest of British scholars and clerics against the procedures of the Congregation for the Doctrine of the Faith in respect of Professor Edward Schillebeeckx, OP.

These procedures of inquisition are archaic, secret and inquisitorially loaded against the subject.

That they should be authorized by a Pontiff who, in his own country, has experienced the gross abridgment of human rights, is a grievous sorrow to those of us who welcomed his election with so much hope.

Yours faithfully,
MORRIS L. WEST,
2 Hyle House,
Westbury,
Dorset,
December 4.

From Mr Arthur Freeman

Sir, The differing reactions to the cases of Father Schillebeeckx and Father Edwards suggest that, while it is right for a car manufacturer to dismiss one of its employees because he publicly disagrees with the official policy of speech, but the principle behind it is a sound one: products ought to be honestly and accurately labelled, and when they are not, the civil authorities can properly intervene. At the present time, many "products" are being packaged and labelled and sold as "new developments" in Catholic theology when, in fact, they are more or less frank repudiations of Catholic Christianity as such: Mr Clifford Longley cites several instances, with apparent approval, in his article of December 3. In any such case, Church authorities can properly intervene on the principle of the Trade Descriptions Act. Or do we want the customer to be misled?

2. A serving officer can lose faith in the justice of his army's cause; a salesman can lose faith in his company's product. In either case, such a man ought to resign. But he may fail to do so. The officer, while retaining his commission, may work systematically so as to give aid and comfort to the enemy: the salesman, while remaining on the payroll, may denigrate the company's product, and boost the opposition. Neither man should therefore be bound at the stake. But neither man suffers injustice if gentle pressure is brought to bear upon him, on the principle of "love it or leave it"; and the same is true of anyone who freely chooses to be an officer or salesman of the Church.

We should not allow ugly memories of the *auto da fé* to obscure these two fairly obvious principles. Yours sincerely,
CHRISTOPHER DERRICK,
25 Park Hill Road,
Wallington,
Surrey.

Further, it was another Dominican, Thomas Aquinas, who, perhaps more than any other single theologian, has enriched the stock of the Roman Catholic Church's orthodox doctrine.

St. Thomas Aquinas, a great medieval philosopher, said that a great Church should have a firm frame of teaching, carefully constructed over centuries from the interpretations of Scripture distilled by

know that more notice has been taken of it than it deserves. He is right to question the merits in modern times of the existing system of royal commissions. They hand down influential comments and recommendations on highly dangerous and volatile subjects which get wide publicity. Nothing is done about them either at all or for a long time and a hiatus is created. Uncertainty weakens firm supervision and control of the existing conditions and those who are so minded try to take advantage of the vacuum resulting until political decisions are made.

Fortunately there is plenty of current evidence that the Gaming Board has not relaxed its vigilance. The responsible people in our gaming industry should quickly pick up the pieces and beg Lord Allen of Abbeydale and his colleagues on the board to continue with their strong administrative control and supervision, which Lord Rothchild deprecated, until such time as Parliament or the courts decide otherwise.

It is urgent that the good name of commercial gaming in this country be restored and that we do not go back to the pre-1968 situation. Yours faithfully,
STANLEY RAYMOND,
26 Cavendish Road,
King's Road, Brighton.

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King's Road, Brighton.

Action on Iran's bank balances

From Lord Lever of Manchester, CH

Sir, I read that Mr Secretary Vance is in London on Monday. I very much hope that the Government will make clear to him that, whatever the "might have been" in relation to US actions on Iran's banking balances, Britain intends to give the fullest backing to their efforts to avoid a complete breakdown of the international monetary system from disruption resulting from large-scale, politically motivated currency conversions or wilful defaults.

Any conflict supposedly in the interests of banking integrity which supports lawlessness and undermines the common purpose will produce disastrous consequences and not only in the area of banking.

The interest of everybody, including creditors and debtors, the leading powers must make it clear that they intend to act firmly together to protect the international monetary system from disruption resulting from large-scale, politically motivated currency conversions or wilful defaults.

Yours,
HAROLD LEVER,
Lords,
December 7.

Future of Exmoor

From the President of Exmoor Society, and others

Sir, The next few weeks will be vital to the landscape of one of Britain's smallest and most fragile national parks: Exmoor, where the amount of open moorland has decreased from just under 9,000 acres in 1947 to about 46,000 today. This decline has been caused mostly by farmers, backed by Ministry of Agriculture grants, draining, rotavating or ploughing the moorland.

Ministers now have before them replies to their consultation document about the moorland conservation part of the impending Wildlife and Countryside Bill. In that document they said they would rely solely on voluntary agreements between farmers and the national park authority. Yet the farmers continue to demonstrate their keenness to convert the moorland, while the park authority, with a statutory duty to protect the moorland, has been doing nothing but its powers of persuasion.

Government has been advised again and again that voluntary agreements are not enough. Lord Portchester made an independent study of the matter in 1977. If the Government's official advisers on these matters, take the same view. Even more significantly the Exmoor national park authority itself, which has experience of negotiating management agreements and on which the Exmoor Society has relied for work, he said, there must be a back-up power whereby Ministers or the park authority could make conservation orders (subject to compensation).

The Countryside Commission, the Government's official advisers on these matters, take the same view. Even more significantly the Exmoor national park authority itself, which has experience of negotiating management agreements and on which the Exmoor Society has relied for work, he said, there must be a back-up power whereby Ministers or the park authority could make conservation orders (subject to compensation).

This is a simple precaution to which nobody who cares for the beauties of Exmoor (or any other national park where the same problem may exist) can object. We commend it to Ministers. Yours, etc.
VICTOR BONHAM-CARTER,
CHAIRMAN, Council for Environmental Preservation.

FOOT: President of Exmoor Society, and others

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FOOT: President of Exmoor Society, and others

THE WORLD HOLDS ITS BREATH

It will be five weeks tomorrow since the American embassy in Tehran was seized. The ordeal of the hostages during that time hardly bears thinking about. But the ordeal for the United States as a nation has also been considerable. The treatment of the hostages, and the lack of any quick or certain way to rescue them, has been an act of immoral and dangerous appeasement which most Americans have rightly ruled out, have been a painful wound to American national pride. The Iranians responsible know this and glory in it, regarding it as little more than token retribution for repeated blows to their own national pride from various great powers over the past century-and-a-half, and particularly from the United States in the last thirty years. That does not make it any easier for Americans to bear.

The patience which America has shown in this situation does her credit. The temptation to take drastic but politically counterproductive action has been resisted, principally because it is understood that such action would be far more likely to harm than help the hostages. The danger is that once the ordeal ends — certainly if it ends in the deaths of some or all of the remaining hostages, but quite possibly even if it ends in their release — the temptation will become irresistible. But the political arguments against any act of vengeance will remain as strong as before. America would forfeit at a stroke most of the sympathy she now enjoys, especially in the Muslim and other underdeveloped countries. Certainly Iran, and probably several of her neighbours, would look instinctively to the Soviet Union for support.

Even if the temptation is resisted in the immediate aftermath of this crisis, it may, as a result of what has happened in Iran, present itself more plausibly to Americans later on, and in a different context. There is all too little understanding in the West, and in the United States, particularly, of the real

situation of oil-producing countries or of the economic arguments and political pressures on their governments in favour of much more restrictive production policies. All too much comment over the past few years, especially this year and particularly perhaps in the form of newspaper cartoons, has tended to depict all the OPEC countries as Arab sheikhs, and all Arab sheikhs in a thoroughly racist manner as pot-bellied, grasping incarnations of evil holding the rest of the world to ransom out of naked spite. Such presentation may easily, even if it is not so intended, have the effect of giving western public opinion the idea that it would be both possible and justifiable to solve the "energy crisis" by military means. The more we are encouraged to see the Muslim world as fanatical, unstable, aggressive and pathologically anti-western the more we shall be in danger of falling prey to this fallacy. Part of the tragedy of the present events in Iran is that they may have brought such a disaster nearer.

That is one among many reasons why any sensible person in a position to exercise any influence on the course of events in Iran at the moment should be exerting that influence in favour of the release of the hostages. On the whole the signs that people with at least a modicum of common sense are in such a position in Iran have grown stronger over the past few days, and it is that much more permissible to hope that the American policy of patience may eventually pay off. Mr Abolhassan Bani-Sadr, deposed last week as foreign minister but still nominally in charge of the economy, was invited on Monday night to explain his views to the students holding the hostages in the American embassy. He did so in remarkably trenchant fashion, telling them that to put the hostages on trial would be an infringement of the Vienna convention and that according to the Koran agreements "even with unbelievers" are sacred and binding. Past infringements of

Iranian sovereignty by the United States, he said, could not be invoked to justify Muslims behaving in the same way. "By taking hostages you have weakened the justice of our cause and helped to smother our voice in the United States and throughout the planet." These statements from the leading theoretician of the "Islamic Revolution" apparently made a considerable impression on the students, at least at the time. Mr Bani-Sadr remains popular with at any rate a part of the Tehran crowd, and is considered a possible candidate for the presidency of the republic.

Another often-mentioned candidate for that office is Mr Mehdi Bazargan, whose opposition to the seizure of the hostages was the immediate cause of his fall as prime minister a month ago. He too remains popular with certain sections of the population, particularly the bazaar, and appears to be regaining influence as he has been representing the Revolutionary Council in discussion with Ayatollah Shariat-Madari, and has now been sent as mediator to Tabriz. Generally speaking the flood of last weekend's referendum and its aftermath seem to have weakened Imam Khomeini's position and to have demonstrated the dangers of some of his extremist policies. His response has been to retreat and to listen more carefully to the voices around him urging moderation. It is probable that this extends also to the hostages issue, since the new foreign minister, Mr Ghorbadeh, is now talking of releasing "those of whom it can be proved that they were not spying" and says that the Imam has approved this. Of course, as Mr Bani-Sadr has said, even if some of them are spies Iran has no right to punish them other than by expelling them from the country. But Mr Ghorbadeh's statement does suggest that things are getting better rather than worse. For the time being America's best policy must be to watch the situation develop and hope for the best.

and in the concomitant being taught by the students of all nations to benefit so much and so cheaply from their different perceptions of academic problems and their different approaches, logical, mystical, recondite and classical, to their solution.

In my own teaching and research over 35 years I and, in turn, my students have benefited immeasurably, in the quite narrow academic sense, from finding how people from different countries think and feel their way towards the same goal, from learning their methods and following their minds. This would be echoed by my colleagues in their thousands.

Our overseas students make a real and integral contribution to our academic society; let not our economic impoverishment lead to a bankruptcy of our understanding.

Yours faithfully,
DENYS WILKINSON,
The Vice-Chancellor,
University of Sussex,
Falmer,
Brighton.

Fees to overseas students

From the Vice-Chancellor of the University of Sussex

Sir, Most of the reasons why it is to this country's advantage to have substantial numbers of overseas students in our higher educational system are well known: to enrich the life of our society; to bring to our own students valuable transcultural and trans-social experiences; to aid (massively) our research; to engender goodwill, influence and economic return; to discharge obligations to the Third World. I should like, however, to add to this list another reason that is of great importance but that has been largely overlooked in the current debate: the contribution that overseas students make to our own way of thought.

Life consists in the solution of problems: human, physical, aesthetic, religious, economic, mathematical, legal, moral, political, administrative, literary, scientific, philosophical. None of these problems is separable from the

PERSONAL INVESTMENT AND FINANCE

Building societies

High returns from insurance schemes

Can I introduce you to an investment offering about 22 per cent gross and as safe as the house you live in? It ought to be, considering that it is part of the building society industry saving repertoire.

Remarkably few investors who are drooling over the 15 per cent gross yields on gilts seem to have heard about building society insurance-linked schemes which at present are offering net—after tax—returns of between 15 and 16 per cent (slightly less for higher rate taxpayers).

Building society insurance-linked schemes are complicated regular savings packages which maximise the tax efficiency of both investment in life assurance and investment in a building society. In effect, the investor gets two dollars of tax concession on his money.

The investor takes a qualifying life assurance policy—which means that he qualifies for life assurance relief of 17½ per cent on his premiums—which is invested in the building society. So for each £10 a month £12.12 is invested (less a little for statutory life assurance cover) invested at the attractive rates now being offered by societies, and subsequently taxed at the special life assurance tax rates.

These technicalities, however, need not trouble the investor. All he should remember is that the way to maximise the return on these schemes is to cancel the policy after four years, although it is actually written for 10 years. Ten-year policies cancelled after four years are not subject to the "clawback" provisions which relieve the investor of some of

the tax relief he has enjoyed since he took out the policy.

The introduction of the clawback in 1974 did for a while depress the market for building society insurance-linked schemes. When they were originally marketed some ten years ago, the trick was to cancel the policies at the end of the second year when the return was greater still.

Today, the yield after two years is still more attractive. This is because the longer the policy runs, the more the spread of the life assurance relief (only given on the current year's premiums) over the total sum invested. However, the tax relief clawback up to four years substantially waters down the return.

So it is four years for the best return although even after the full 10 years the return is still a respectable 11½ per cent net. Life assurance cover ranges between 100 to 60 times (decreasing with age) the monthly premium, which is usually a minimum of £10. Some societies offer lump sum schemes and make regular transfers to the insurance schemes for investors.

The remaining questions are: which societies actually offer these schemes and why do so few of them make it available? For despite the self-evident attractions of building society insurance-linked schemes their total value at the beginning of this year was £25m.

Three out of the five giant societies do not have linked schemes. The Abbey National did once, and may return in the new year to insurance schemes if it can find a new

angle to them. Nationwide, dismisses the schemes as too complicated. It is also heavily committed to term shares.

The Woolwich Equitable also gives the thumbs down to insurance schemes, leaving only the Halifax and Leeds Permanent to represent the big league.

The market is dominated by the medium-to-large societies, notably Bristol and Town, Bradford and Bingley, West and Country and Midlands. Also, a good-sized clutch of smaller societies, including the Coventry Provident, Marsden, Bath, Dudley, Cotswold, Cambridge, North of England and Hemel Hempstead, offer insurance links.

The life assurance element is mainly provided by either Royal Insurance or Eagle Star, although Bristol and West, the market leader, uses the Equitable.

As the building society investment rate went up only on December 1, not all societies will have put out the literature and the newest rate structure for these complicated schemes. The rates will always vary in line with movements in the main building society interest rates. It will, however, pay to shop around a little. Not only are there differences in rates, but the terms also vary with age groups and some are more generous to those over 50. With house purchase saving in mind, it might be better to take out one scheme with a larger society and another with a smaller one which may pay more now but charge more for a mortgage later.

Margaret Stone

RETURNS AFTER FOUR YEARS FROM SOME BUILDING SOCIETY INSURANCE-LINKED SCHEMES

	30%		40%		60%		75%	
	Net	Gross equivalent	Net	Gross equivalent	Net	Gross equivalent	Net	Gross equivalent
Bristol & West								
18-30 years	15.64	22.34	14.99	24.98	13.83	34.58	12.95	51.80
31-40 ..	15.16	21.66	14.57	24.28	13.49	33.73	12.68	50.72
41-65 ..	14.63	20.80	14.10	23.57	13.14	32.85	12.40	49.60
Bradford & Bingley								
17-40 years	15.72	22.45	15.13	25.1	13.94	34.85	13.03	52.12
41-55 ..	14.61	20.87	14.12	23.53	13.14	32.85	12.39	49.56
51-55 ..	13.47	19.24	13.09	21.81	12.33	30.82	11.75	47.00
Midshires								
18-40 years	16.27	23.24	15.64	26.60	14.34	35.85	13.35	53.40

Round-up

Britannia backs off • disabilities

Britannia Arrow has decided not to go ahead with its counter offer for Dayman Day, the merchant banking parent of the Target unit trust and life assurance group. It has not proved possible, the board says, to find a proposal in the best interests of Britannia shareholders.

Britannia is still an excellent performer with its specialist funds, this year and unitholders will possibly be glad that the deal with Target, which could have led to indignation, is off.

• The Disability Rights Handbook for 1980 is a most useful publication, giving a guide to income benefits and certain aids and services for handicapped people of all ages. There is also a section on appeals procedures. It is available from the Disability Alliance, 1 Cambridge Terrace, London, NW1 4JL for £1.

• Carliol Unit Fund Managers

are merging the Carliol Unit Fund with Carliol High Yield Fund. The formal offer documents were published yesterday. The capital value of individual holdings should not change and the issue of units in the High Yield Fund will not constitute a disposal for capital gains tax purposes. In the Carliol Unit Fund should enjoy a higher income as a result of the merger.

• Permanent health insurance is always a difficult subject where women are concerned. In the past, insurance companies have come under attack for their stand in charging higher premiums for women—who, on average, have a higher morbidity than men. But NEL (the acronym for National Employers' Life) is offering the same rates to women as men with its new PHI plan called Income Protection Plan.

• Abbey Unit Trust Managers, the unit trust arm of the biggest linked-life assurance company, Abbey Life, is flexing its muscles again. Only last week it came out with an International Bond. This week it is offering the Abbey American Growth Trust, something it believes that any self-respecting unit trust group ought to have in its wardrobe.

• Shareholder perks acquired a new dimension last week when Industrial and General Trust, part of the Touche Remont investment trust management company group, acquired a perk for all its 16,000 shareholders by virtue of the trust's holding in Trusthouse Forte. The shareholders will get a special 10 per cent discount on purchases of Trusthouse Forte leisure gift cheques. It is not much, but it is a beginning.

Unit trusts

A new look and more categories

Today we reintroduce our unit trust tables in a different form. The computer will whip away once a month on our behalf and the figures published will appear from now onwards in the first two weeks of each month.

This means that the four most volatile sectors—where the list has been further subdivided—will be completely up to date

when they appear. The General oriented portfolios can at present take pleasure in the exercise.

The statistics are now being prepared for us by *Planned Savings*, the monthly magazine devoted to savings and investment through the medium of managed funds.

There are changes in presentation. Rather than give percentage changes, the tables now

give figures showing how much £100 is now worth if invested a year ago and three years ago, included reinvested income.

Those who prefer percentages need simply subtract 100 for values over 100. For values less than 100 subtract the figure from 100 to obtain the percentage fall.

MS

Unit trust performance

SPECIALIST		A		B	
Britannia Minerals	199.9	223.8	223.8	223.8	223.8
Britannia Oil & Gas	150.7	216.6	216.6	216.6	216.6
Britannia Property	170.5	208.4	208.4	208.4	208.4
S&P 500 Index	132.1	158.0	158.0	158.0	158.0
Chiefly Basic Resc 151.7	204.3	204.3	204.3	204.3	204.3
Key Energy Index	151.1	204.3	204.3	204.3	204.3
Andros/Gilbey Resc 149.3	204.3	204.3	204.3	204.3	204.3
New Lrt Energy Resc 135.3	199.5	199.5	199.5	199.5	199.5
Target Commodity	136.2	192.3	192.3	192.3	192.3
Britannia Com Share	135.4	219.9	219.9	219.9	219.9
S&P Commodity Share	131.0	199.5	199.5	199.5	199.5
Gartmore Commodity	130.1	199.6	199.6	199.6	199.6
M&G Comd & Gen	128.5	215.9	215.9	215.9	215.9
Allied Mid-Min	122.5	192.3	192.3	192.3	192.3
Midland Drayton Com	120.9	196.3	196.3	196.3	196.3
Arbuthnot Com Share	111.0	199.5	199.5	199.5	199.5

Henderson/Austrail	129.8	168.1	168.1	168.1	168.1
Antony & Jones Amer	126.2	168.1	168.1	168.1	168.1
Bishopsgate Inter	123.7	173.9	173.9	173.9	173.9
M&G/Australasian	123.3	149.8	149.8	149.8	149.8
M&G Far Eastern	124.6	172.2	172.2	172.2	172.2
James Finlay Inter	121.8	133.6	133.6	133.6	133.6
Cabot Amer Ssn Cos	121.2	133.6	133.6	133.6	133.6
Target-Scot/Amer Eagle	119.9	152.9	152.9	152.9	152.9
M&G/Europan	118.2	141.4	141.4	141.4	141.4
Britannia N Amer	117.2	111.9	111.9	111.9	111.9
Carliol General	116.4	118.4	118.4	118.4	118.4
S&P/US Growth	115.8	107.5	107.5	107.5	107.5
A-Hamro/Sec Am	115.7	118.5	118.5	118.5	118.5
M&G/American	114.2	118.7	118.7	118.7	118.7
Franklin Amer	113.9	118.8	118.8	118.8	118.8
Chieftrain Amer	113.7	113.7	113.7	113.7	113.7
Crescent Amer	113.6	137.0	137.0	137.0	137.0
Chieftrain Inter	113.4	113.8	113.8	113.8	113.8
Grainmont N Amer	112.4	112.4	112.4	112.4	112.4
S&P/South E Asia	112.2	123.5	123.5	123.5	123.5
Franklin Inter	112.1	109.9	109.9	109.9	109.9
GT Winchester Overse	111.7	140.7	140.7	140.7	140.7
Security Sel Unit GR	111.0	149.2	149.2	149.2	149.2
Gartmore Amer	110.3	108.2	108.2	108.2	108.2
Arbuthnot Foreign	110.1	120.5	120.5	120.5	120.5
Barclays/Unit Aus	110.0	145.7	145.7	145.7	145.7
Schlesinger Amer	109.9	101.7	101.7	101.7	101.7
Arbuthnot N Amer	109.8	111.1	111.1	111.1	111.1
Bridge Amer & Gen	109.3	109.3	109.3	109.3	109.3
Antony Gibb Far E	108.6	108.6	108.6	108.6	108.6
Arbuthnot East & Is	108.6	145.4	145.4	145.4	145.4
Gartmore Inter	108.1	117.6	117.6	117.6	117.6
Antony Gibb	107.9	107.9	107.9	107.9	107.9
F. East & Gen	107.9	107.9	107.9	107.9	107.9
Britannia Far E	107.8	138.1	138.1	138.1	138.1
GT International	107.3	166.9	166.9	166.9	166.9
Roman Amer	106.5	113.2	113.2	113.2	113.2
Stewart Amer Fund	106.3	118.1	118.1	118.1	118.1
Target/Pacific	106.2	100.7	100.7	100.7	100.7
Franklin World Grth	106.1	106.1	106.1	106.1	106.1
Schlesinger Inter	105.7	106.7	106.7	106.7	106.7
Crescoveon/Eastover	105.1	125.0	125.0	125.0	125.0
Hill Samuel/Dollar	104.6	112.9	112.9	112.9	112.9
Britannia Int Grth	104.5	104.5	104.5	104.5	104.5
Mercury Inter	104.2	125.0	125.0	125.0	125.0
NPI Overseas	103.8	103.8	103.8	103.8	103.8
Crescoveon/Growth	103.8	100.9	100.9	100.9	100.9
Crescoveon/Land&Brus	103.2	129.4	129.4	129.4	129.4
S&P Select Inter	103.0	103.0	103.0	103.0	103.0
Bridge Inter	103.0	140.8	140.8	140.8	140.8
L&C Inter & Gen	102.7	137.3	137.3	137.3	137.3

A-Hamro Inter	102.6	113.6	113.6	113.6	113.6
New Court Inter	101.6	100.3	100.3	100.3	100.3
S&P/Universal Grth	101.4	122.4	122.4	122.4	122.4
Henderson/Europan	100.9	167.2	167.2	167.2	167.2
Crescent Inter	100.8	132.6	132.6	132.6	132.6
Barclays/Unit Aus	100.8	89.9	89.9	89.9	89.9
Capel N Amer	99.1	99.1	99.1	99.1	99.1
Henderson/Inter	98.9	149.5	149.5	149.5	149.5
Henderson/N Amer	98.6	105.6	105.6	105.6	105.6
Gartmore F Eastern	97.2	137.5	137.5	137.5	137.5
Mayflower Inter	96.6	117.3	117.3	117.3	117.3
Hill Samuel/Inter	96.0	112.3	112.3	112.3	112.3
S&P/Europan Grth	94.9	116.2	116.2	116.2	116.2
J Finlay Euro Fin	94.4	116.2	116.2	116.2	116.2
Exclays/Unit World	94.4	105.6	105.6	105.6	105.6
Chieftrain E Eastern	94.4	105.6	105.6	105.6	105.6
London Wall/Inter	92.3	108.7	108.7	108.7	108.7
Ridgfield Inter	91.0	91.0	91.0	91.0	91.0
MJ European	90.9	90.9	90.9	90.9	90.9
A-Hamro/Pacific	85.5	129.3	129.3	129.3	129.3
Schroder Wags/Eur	85.6	108.7	108.7	108.7	108.7
MJ European	85.6	108.7	108.7	108.7	108.7
Convent/Schleiders	85.2	116.6	116.6	116.6	116.6
Midland Dray Overse	84.4	104.2	104.2	104.2	104.2
GI Japan & Gen	81.5	134.8	134.8	134.8	134.8
Midland Drayton Amer	80.0	83.8	83.8	83.8	83.8
Henderson/F Eastern	75.1	112.4	112.4	112.4	112.4
Crescent Tokyo	75.2	75.2	75.2	75.2	75.2
M & G/Japan	73.5	96.8	96.8	96.8	96.8
Midland Drayton Japan	69.0	83.8	83.8	83.8	83.8
S & P/Japan Growth	68.2	83.8	83.8	83.8	83.8

HOFF of HEYBRIDGE HEATH

HERE I AM A TOP EXECUTIVE OF A MULTINATIONAL HAVING THE USE OF COMPANY PLANES, FLATS AND OTHER PERKS...



AND OWN A HUGE HOUSE, ROLLS ROYCE, YACHT, VILLA...



SWIMMING POOL, HORSES, PICTURES, INVESTMENTS...



AND STILL I CAN'T GET 3 DRAWS ON MY COUPON!



Grouse

The Government trumped my ace on Thursday. A "Grouse" column was ready to be launched with a strong attack on British Savings Bonds which until then were being actively promoted by the Department of National Savings, despite the inadequate returns they offered to investors.

However, as part of the proposed Civil Service cuts, both British Savings Bonds and the special facilities offered to saving groups are to be axed.

It is a pity about the latter service, expensive to run as it admittedly was, but good that the Government even for reasons of self-interest, is withdrawing British Savings Bonds.

In days of rapidly changing interest rates the bonds, with a fixed rate of interest of 9½ per cent plus a 4 per cent tax-free bonus if held for the full years, are a singularly inappropriate and inflexible form of investment.

Even allowing for the bonus, the gross equivalent yield is a mere 10.47 per cent—actually less than the tax paid return of 10.5 per cent on building society shares, or the same after-tax return on the National Savings Bank investment account from January 1.

What is infuriating, however, is that only two days before the axe fell, a conversion offer was announced for British Savings Bonds, which are due to mature between now and April, 1980. The conversion is into the same issue that the Government announced as unfit for

Through no fault of my own I find I have underpaid income tax. I understand that if one's income is below £3,000 the Inland Revenue cannot recover an underpayment. Is this correct and if so would you please give further information? (JS, Upminster).

In certain circumstances the Inland Revenue waive arrears of tax either wholly or in part. One important condition is that the arrears arose because of a departmental error which involved the failure to make proper and timely use of information about his income or personal circumstances supplied by the taxpayer so that he could reasonably believe that his affairs were in order.

Another condition is that the taxpayer's gross income must be within certain limits and until recently there was alleviation of all the tax if total gross income was below £3,000. There was remission of half the tax where gross income was between £3,000 and £5,000 provided the taxpayer had no significant capital resources (which meant £500 worth or more of investment income).

However, the limits were raised on November 7, 1979, together with an improvement in the part relief rules. The position now is that where a taxpayer's gross income is less than £4,000 no attempt will be made to recover the arrears of tax. Where it is £4,000 or more but less than £5,000 only one quarter of the arrears will be collected; if £5,000 or more but less than £8,000, one half of the arrears will be collected; and if £8,000 or more but less than £10,000, three quarters of the arrears will be collected; where gross income is £10,000 or more there will normally be no remission. In addition, the level of investment income is now ignored.

I run a small toy shop and sometime ago sold a number of electronic TV games, each

EDITED BY MARGARET STONE

Christmas gifts

Passports to pleasure...

There are thirteen shopping days to Christmas, including today, and only the very keen will have by now completed their shopping list. Yet that last-minute sweat round the shops can be avoided if you are giving a present to somebody who is a well-established hobby or interest in art, opera, or gardening, for instance.

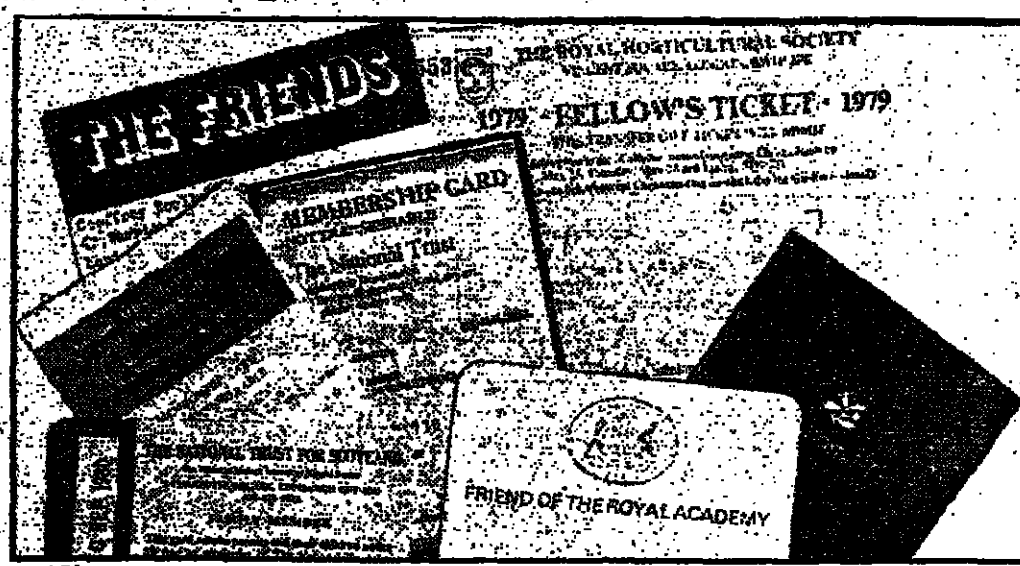
The answer lies in the multiplicity of membership schemes offered by Britain's cultural and scientific bodies.

Suppose, for instance, that your spouse is a keen gardener. For £10 you can buy him or her a year's membership of the Royal Horticultural Society, along with plenty of privileges. These include free entry to the society's shows in Westminster and to the Chelsea Flower Show; free entry with friends to the society's gardens at Wisley, Surrey; use at the society's seed library; and a copy of its monthly magazine. The true cash value of these concessions, if all are taken up, is about £25.

That "value" does not include access to the wealth of horticultural expertise and advice given free to members or the fact that entrance to shows is transferable to friends and family. Domestic membership, for £16, will allow husband and wife entrance to all shows, including the Chelsea Show, where the public admission fee can be as much as £5 each.

A similar bargain is on offer for those whose interest is art, through the remarkably successful Friends of the Royal Academy, founded three years ago. A £10 annual subscription (£12.50 from January 1) gains free and immediate admission for two to Academy exhibitions, including the Summer one. That means that art lovers need not queue and stand there, not visit the exhibitions with friends, as many times as they wish.

In addition, there is a special room available to Friends, described by an Academy



spokesman as "an oasis in Piccadilly", where they can sit, read the papers and have coffee.

Other benefits are a reduction on the Academy's catalogue—for instance, a price of £4.20 for one selling to the public at £5.25—admission to several private viewings and access to the unique expertise on paintings that the Academy and its library can offer. Pensioners, children, teachers, and some other categories can get all this for a lower fee of £7 a year and the savings on the normal admission cost are remarkable.

Should you have an artist friend, there is the artist subscriber membership at £17.50 a year (£22.50 in 1980) carrying the same privileges and three extra ones. This subscription provides free submission forms (otherwise £7.50 each) for the Summer exhibition, constructive help and advice and artists' materials at a discount.

The National Trust offers an attractive Christmas present for

the individual or the family at £7 for single membership and £14 for family membership a year, and a fee of £3 for those under 25.

This card admits members to numerous National Trust properties for nothing, while members of the general public will have to pay from 20p to £1.50 each to get in.

Another gift would be to make someone a Friend of Covent Garden, which will cost £12 for a year's full membership or £5 for those under 25.

Members can attend special lunch-time lectures and receive the Friends' magazine four times a year. It will not, though, give them any discount on their tickets for a full-scale opera performance, although they will have priority in the ticket queue.

The Tower of London, which is raising its entrance fees next year, also runs a membership scheme. And there are other examples—the London Zoo, the various Royal and National Theatres and a remarkably wide

selection of learned institutions.

Even the Government enters into the spirit of it. You can make a gift of a £3 season ticket which allows the recipient free access to the ancient monuments in the care of the Department of the Environment. From January 1 this will go up to £5.

Wherever one looks, there are subscriptions to be given which will surely satisfy the interests of most of your friends. Unlike many of the other Christmas goodies, too, they will last a whole year.

Addresses: Royal Horticultural Society, Vincent Sq, London SW1P 2PE. Royal Academy, Burlington House, Piccadilly, London W1. The National Trust, 42 Queen Anne's Gate, London SW1.

The Royal Opera House, London WC2. The Department of the Environment, Department E, Room G1, 25 Savile Row, W1X 2BD.

Roger Beard

through dark broad seas of gloom we sailed this week, and already one or two City mates are crying "land ahoy". Land ahoy, my foot. I spy only shoals.

Gilt-edged looks ever more sickly and, without an enduring turn for the better, ordinary shares stand little chance. The war of nerves between Iran and the United States and oil exporters getting out of dollars and into German marks and Swiss francs are dashing hopes of useful interest rate cuts in America.

At home, a growing chorus of commentators is predicting a fall of the Chancellor's chances of controlling inflation through monetary weapons alone. The National Institute of Economic and Social Research is once again fastening its considerable government policy came out at the beginning of the week. More and more stockbrokers agree with them.

This body of City opinion will want to see the Chancellor bring in fiscal controls to support his flow-acting monetary ones, before thinking of calling the gilt-edged turn.

Not surprisingly, shares drifted, and the FT index moved from 420.7 to 415.6. If this is a slippery slope, then at least

Investor's week

Market drifts down the gentle slope

MAIN CHANGES OF THE WEEK

Year's high	Year's low	Company	Change	Comment
167p	69p	Cowdrie	8p to 148p	Good int report
67p	33p	Johnson & Firth	8p to 41p	Better than expected
243p	138p	Ladbroke	4p to 146p	Casino troubles discounted
610p	410p	Macallan-Glen	70p to 605p	Bid for Highland Dist
113p	64p	Stocklake	4p to 106p	Rhodesia settlement
Year's high	Year's low	Company	Change	Comment
430p	320p	Ferranti	27p to 357p	RD prospect recedes
450p	310p	GEC	15p to 325p	Int profit drop
280p	130p	MR Electric	26p to 143p	Subsid on 4-day week
278p	168p	Racal	26p to 185p	Int disappoints
388p	208p	Pilkington	43p to 208p	Fights: poor profit

it is a gentle one. That is what the market apparently thought about the week's company news, with some excuse.

If the worst that is to happen to 100 like GEC and Racal is that they get sore feet (interim profits pause) we can all sigh with relief. Ladbroke's loss of

three casino licences hardly blights the rest of the market, except other casino shares.

Wood, textile group Illingworth, reported halving losses, but it maintained the dividend; Whessex, now ex bid and with possible legal wrangling over a foreign contract, can

be dismissed as a "special situation" and Pilkington was thought to be stupid rather than anything else for combining a cash call with poor profits.

Indeed, some of the blame for the FT index drop can be put on Thomson which has joined the index in place of EMI. The shares slumped, still on worries about what an expensive acquisition EMI will probably be.

There is, however, one snag. The losses, missed dividends and bankruptcies are all to come. And whatever the Chancellor does in his next Budget, businessmen want to know where they stand on deferred tax, a large item in profit and loss accounts.

Recession will prompt many managements to cut down on stocks and plant; but only allowances on stocks and plant allow many companies to treat corporation tax as a joke.

One group of investors will probably have their merriest Christmas ever this year. Holders of Rhodesia bonds have seen their stocks blaze with delight as the prospect of peace in Zimbabwe and Rhodesia genuinely beckoned.

Peter Wainwright

Taxation

Are you better off self-employed?

"If I could arrange to be self-employed, surely I should be much better off than I am as an employee?"

Not many of us have the choice but there are borderline cases where it may be possible to adjust the real position in either direction. Then your status is determined by the Inspector of Taxes according to the facts in your particular case.

Much will hinge on the extent that you have what is rather quaintly known as a "master-servant relationship" with the person for whom you provide services. For instance, how much control does the company have over your working conditions? Are you forbidden to accept work unless you have

its consent? Do you have only one or two sources of earnings?

If the answer to most of these questions is "yes" then the Inland Revenue will probably treat you as an employee, taxable under Schedule E.

However, if you can organize your work in such a way that you could arrange to be either employed or self-employed, what factors should you take into account in making your decision?

An employee is taxed under Schedule E on all the "emoluments", salary and fringe benefits, from his employment. Many perks, such as company cars and free petrol for private use, are usually worth substantially more to the employee than the equivalent amount of

fully taxable salary. Tax is deducted at source under the Pay As You Earn system (PAYE) by the employer in the year in which the earnings are received.

By contrast, one of the advantages of being self-employed and taxed under Schedule D arises from basing your tax liability this year on your income for last year. If your income increases each year as it normally would under inflationary conditions, then you should have a comfortable cash-flow advantage over the employee.

Conversely, of course, you could encounter a nasty cash-flow problem if your income drops and you have not provided for the higher tax level based on your previous year's income.

The rules which govern a self-employed person's trade on his first year are generally advantageous and provide several opportunities for tax planning. However, a switch to a current year basis is being contemplated in order to bring self-employed people into line with companies and employees.

A further disadvantage of employment is that any expenses claimed against tax have to be incurred wholly, exclusively and necessarily in the performance of your duties. On the other hand, when a self-employed person is calculating his taxable profits for the year, he can deduct expenses which are only wholly and exclusively used for business purposes—the word "necessarily" does not apply. So it is generally much easier for a self-employed person to justify his expenses.

But there are several rules which favour the employee. For example, if you travel to work in a company car which you use "substantially" for business purposes (normally over 10 per cent of total mileage), your employer could pay the petrol for all your private mileage without increasing your tax liability.

Your pension scheme could also be a decisive factor, particularly if you are nearing retirement. An employee can make substantial contributions towards a pension scheme, whereas self-employed people are much more restricted in the

amount which they can contribute each year into a personal pension arrangement.

National Insurance contributions and benefits must also be taken into account. If you are self-employed, you pay lower overall level of National Insurance contributions—and get lower benefits. A self-employed person cannot participate in the state pension scheme and is not entitled to industrial injuries benefit, unemployment benefit or earnings related sickness benefit.

If you are a self-employed person with an income which includes expenses which are invoiced on to clients) totalling more than £10,000 per annum, you will have to register for value added tax. It does not involve extra cost in itself, but the bookkeeping and other paperwork could prove to be a time-consuming irritation.

It is also worth remembering that employees are strongly protected under employment law and a self-employed person is much more vulnerable, even though other contractual arrangements can be made.

The decision whether to be self-employed or not is not cut and dried. The more advantageous rules for expenses probably cloud the issue and make self-employment sound more attractive than it really is. And a knowledgeable and cooperative employer is essential in order to arrange employment which is effective from a tax point of view.

One way of getting the best of both worlds might be to form your own company, but the expense can usually only be justified if your profits are at least £20,000 a year, and there are a number of other factors to take into account. The position will vary from one person to another and it is essential to take professional advice in this complicated area.

But, if forced to make a generalization, it would seem that where you can arrange substantial fringe benefits, Schedule E employment may well be preferable to self-employment.

Danby Bloch and Raymond Godfrey

FINANCIAL NEWS AND MARKET REPORTS

Stock markets

Small buying after hours

Fears of a bad set of banking figures next week left shares on the Stock Market in a state of limbo for most of yesterday as the first of the long, three-week accounts drew to a close.

Business in after hours took a turn for the better, with dealers reporting that bear-closing had encouraged investors and pockets of buying had been experienced.

After opening the day 0.5 down, the FT index went into reverse after lunch and by 3 pm it was 0.1 up. It went on to close at its highest point of the day, 3.9 up at 415.6. A net fall on the week of 5.1.

Gilt-edged remained dull with shorts closing a £1/16 to £1 off, while long bonds showed losses of £1 to £1.1.

Leading industrials were one sector to improve after hours, with ICI 7p better at 360p and Glaxo 5p firmer at 425p.

Southam rose 2p to 118p. Fiat put on couple of pence to 234p and Unilever were unchanged at 452p. Only Pilkington Bros resisted the trend, dipping 5p to 205p on further reflection of its cash-call to shareholders.

Attention on the bill scene

Estates & Agency Holdings are now 96p. Recently they were run up to 135p. The group, essentially a vehicle for the property talents of Mr David Lewis, who built up Cavendish Land (taken over by Legal and General), and Mr John Rosefield, is thought to have several interesting deals on the way, enough to push asset value up to around 130p a share.

was firmly focused on Tricentral's £4.3m bid for Cableform, which returned from suspension 15p higher at 87p. Montfort (Knitting), where Palma Textiles and David Dixon are battling for control, shed 2p to 87p, while Highland Distillers, fighting off the bid from Biram Walker, remained unchanged at 142p.

Speculative interest surrounded United Gas, 5p higher at 67p, despite denials by the company that it had received an approach from Hanson Trust or any other company.

Among companies reporting, Braham Miller fell 2p to 19p and Geo Bassett shed a penny to 79p following their interim

reports, while trading statements were good for a 6p rise to 156p in Wagon Industrial and a 1p increase to 100p in Jones Woodhead.

GEC recovered following its interim figures on Thursday, rising 7p to 325p and Racal remained firm at 195p.

Secondary electrical shares were weaker, although MK Electric at 145p regained 4p of its earlier losses after news of one of its subsidiaries going on a four-day week. But Standard Telephones were 8p lower at 236p and Electronic Rentals were 6p higher at 100p.

Oils were better after hours, on reports of further price increases by OPEC in a few weeks' time, with BP 2p lower at 360p, after 360p, and Shell 2p up at 334p. Oil Exploration were 10p better at 640p and Lasso expanded by the same amount to 343p.

Equity turnover on December 6, was £93.345m (11.736 bar gains). Active stocks yesterday according to the Exchange Telegraph, were Racal, GEC, ICI, Lasso, Thorn, Marks & Spencer, Barclays, Oil Exploration, Thomas Tilling, Pilkington, Ladbroke, RTZ, Town and City and Highland Distillers.

Geo Bassett may have turned the corner

By Alison Mitchell

Management restructuring and more buoyant overseas demand has put liquorice allsorts manufacturer Geo Bassett back on an even keel.

Although last year's poor results have been followed by an equally depressing first half the chairman, Mr William Mills, is confident that the group has turned the corner.

Second quarter profits showed a considerable turn-around—barring accidents—the group should beat last year's full year profit of £1.3m.

In the six months to October 12, 1979, pre-tax profits slumped from previous £1.5m to £227,000, on sales £1.5m higher at £36.8m.

Much of the trouble stemmed from the sugar confectionery

Bassett where prices had been shaved to increase volume. This policy has now been reversed and previous losses have been stopped.

The chairman reports that, although prices have been raised, demand has held up and this side ought to make a profit in the second half. Profits in the United Kingdom side have increased despite higher VAT.

Export problems at Purdy

Cakes and Rouger have also been ironed out and both these subsidiaries ought to make a significant second half contribution.

The increased Bank rate has doubled Bassett's interest charge to £524,000 for the half year as well as hitting orders. Bassett has seen a fall in demand as customers ran down their stock levels. Adam Imports has been particularly affected, though Mr Mills reports that the Christmas orders were postponed rather than cancelled and the profit lost in the first half will be included in the second.

Engineers slow Jonas Woodhead

The engineering strike made its impact on Jonas Woodhead's profit during the first half, and cost at least £750,000.

Although group turnover rose by 12 per cent to £33.9m, pre-tax profits dropped by 25 per cent to £1.8m in the six months to September 30, 1979.

Mr E. S. Simpson, chairman, said that he had reported a 20 per cent increase in turnover during the first quarter at the AGM but the downturn came in August with the start of the strike. All areas of the group were seriously disrupted and the dispute caused stocks to rise with a consequential increase in borrowing, so adding to our costs.

Sections of the automotive pre-tax division also did poorly as the scale of operations has been reduced.

Belhaven briefing

By Ronald Faux

The bid by Mr Eric Morley for a substantial stake in the Belhaven Brewery group was defended yesterday by company directors. The "renewed annual meeting at Dunbar was told by Mr Ronnie Aitken, the company's fourth chairman in as many months, that Mr Morley would bring benefits to the company.

Mr Morley, the former Mecca chief, will head the Belhaven board jointly with Mr Aitken, and become chief executive. He will be joined by Sir Fred Pontin, head of the holiday camp group, and Mr Trevor Baines. The newcomers to Belhaven plan to publish answers to the company. They will own 17.3 per cent of the shares if the restructuring is approved by an extraordinary general meeting in Edinburgh next month.

The meeting yesterday, in a short notice to the brewery, was attended by about 50 Belhaven shareholders. Mr Aitken said: "The eventual purpose of any deal is to have a good deal for both sides". Mr Morley was being given the opportunity to make a substantial capital profit in which case the shareholders would profit as well.

Several shareholders sought fuller details of the company's controversial dealings during the past year. One of them asked how it was possible for a hotel in Bermuda owned by the group to make a loss when competitors were all making substantial profits.

Mr Aitken said shareholders would have to wait for answers until he had completed a full examination of the company's accounts.

Another shareholder asked if legal action should not be considered.

Tricentral bids for Cableform

Tricentral, the oil group, has emerged as the £4.3m bidder for Cableform, the Cheshire-based manufacturer of control gear for electric vehicles.

Cableform directors have agreed to accept a 90p a share offer and the group returned to the stock market yesterday 15p higher at 87p, after suspension earlier in the week.

Tricentral's board said that Cableform is compatible with its existing activities and will enable it to broaden its automotive activities. Tricentral also believes that Cableform has important long-term opportunities because of rising oil prices.

Cableform's pre-tax profits in the year to March 31 1979 were £544,000 on turnover of £4.3m.

Guardian Royal in US bid

Guardian Royal Exchange is making a \$47m (£22m) tender bid for US property and casualty insurance group, Midwestern Fidelity.

The \$27 a share offer—compared with a market price of \$23—has already been accepted in respect of 32 per cent of Midwestern's equity. If successful it will double GRE's current US premium income of around \$45m (£21m) annually.

Bishop's Stores doubles profits

Bishop's Stores, the food wholesalers, retailers and cash-and-carry operation, almost doubled its profits in the first half by improving margins in retailing and wholesales.

Pre-tax profit went up from £407,000 to £804,000 while turnover rose by 14 per cent to £73.5m in the 26 weeks to September 15, 1979.

Second-half profits should be higher, the group pretax total to £1.6m for the year against £1.4m.

Heavier interest hits Cattle's

After the dip in profits in the 12 months to March 31, the check and credit trading group of Cattle's (Holdings) has now suffered a fall of a third in pre-tax profits to £529,000 in the first half of the current year. This was after interest more than doubled to £1.03m, against £419,000 and a transfer to reserve up from £377,000 to £568,000. Turnover also rose, gross, is being marginally raised from 1.41p to 1.43p. The board remains confident of the longer-term future.

Wagon Inds 5pc ahead

Wagon Industrial Holdings, the Midlands-based engineering-to-office furniture group, boosted profits by 5 per cent in the first half.

Pre-tax profits went from £1.9m to £2m and turnover climbed by the same percentage to £20m in the six months to September 30, 1979. The results include those of Wagon Repairs which was sold last month.

"This was achieved in spite of the adverse effect of the national engineering strike in August and September on budgeted revenue and profits which caused an inability to meet the demand for group products", said the board.

But trading subsidiaries performed well and order books are at a record level. So total group profits for the current year should show an improvement over last year's record



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MANAGEMENT

Can accountants stand the culture shock?

Can industry use chartered accountants? Clearly the answer to so direct a question must be yes. Over half the membership of the three Institutes of Chartered Accountants works in industry or commerce, providing approximately half of all qualified accountants in industry: so there is obviously a demand for the skills of chartered accountants.

However, a straight answer to a straight question may give a misleading impression. Industry needs qualified accountants for a whole range of tasks but it is at present unable to meet its needs from internal training programmes. The gap is being filled by recruitment from the accounting profession.

There are many shades of opinion on the relative merits of training in industry or in public practice. My own view is that none of the existing methods of training accountants are effective in producing the type of finance man that industry really requires, particularly at a time when high inflation is creating problems of interpretation and because of the rapid increase in working capital requirements and the related cost of capital—pressures on both profit and cash flow.

Existing training programmes are in real danger of producing highly expensive financial or management accounting technicians. There is too little emphasis on the use and interpretation of financial data, and the practical contribution that the finance man must and should make as a member of the management team.

Too many accountants, particularly those trained in public practice, see accounting as an

end in itself, and not as a means to an end. The need to produce meaningful and constructive information as an aid to decision-making requires much greater emphasis than ever before.

The accountant who presents financial information to management without any guidance in itself, and not as a

general management really needs. In addition, any chartered accountant making the transition to industry or commerce is inevitably going to suffer a degree of culture shock. This arises for two reasons: first, he has been used to working with relatively bright colleagues, such as tax, treasury and financial accounting.

Nevertheless, even the specialist finance functions in industry require a chartered accountant to develop particular qualities which may have been less essential in public practice. For example, he must be able to make decisions, and

clients, management responsibility at an early age, and a wide variety of assignments other than audits: for example, special investigations or insolvency work.

In summary, therefore, industry can use chartered accountants, but the individual concerned has to be ready to undergo the transition quickly to their new environment. They should recognize from the outset that the qualifications and experience they have gained in public practice provide only the first step—they do not represent a passport to automatic success.

Conversely, industry must also make the effort to assist chartered accountants recruited from public practice to develop their particular skills to meet the demands placed upon them in their new role.

To do so will inevitably cost industry money in the first instance, but I am sure that the investment of time and money will quickly be recovered from the improved contribution which chartered accountants can and should make to improve the performance of British industry.

One final word. This article was specifically directed at providing an answer to the question, can industry use chartered accountants? A much wider question needs to be asked and answered. This is, how we are to train and develop the finance people needed for industry and commerce, and the standards of objectivity and integrity.

The extent to which we will acquire these qualities depends, of course, on the calibre of the individual concerned; but it also depends on the type of experience he has gained in public practice. Ideally, this should comprise a reasonable cross-section of

Michael Julien (right), a chartered accountant and finance director of BICC, a large British industrial company, argues that none of the existing methods of training accountants for an industrial role are effective.

Next week we shall publish opposing views and draw conclusions from this series and from the reactions of readers.



ance on its interpretation is in real danger of misleading his colleagues and thus contributing to poor business decisions, and eventually to poor performance. Appraisal of capital investment proposals and long-term contracts and related decisions on pricing, are two important areas where competent professional advice is essential.

Unfortunately the training and experience given to accountants during their formative years (up to two to three years after qualifying), tends to over-emphasize the technical aspects of their work, and allows too little time for them to gain an effective understanding of the key factors that go to make a successful business. He is thus unable to offer the type of advice that

gues trained in his own discipline; and secondly, he lacks the strength of the firm's name (and the law) behind him. Suddenly he finds himself on his own, naked and unadorned.

Inevitably, the more years that a chartered accountant spends in public practice before making the transition, the greater the culture shock and the fewer years he has to develop the understanding necessary for him to make an effective contribution as a member of the management team.

Obviously there are many other essential tasks to which a chartered accountant, with several years experience in public practice, can readily make an effective contribution from the outset. These include many of the specialist func-

have the necessary management ability and courage to get those decisions implemented—unlike his counterpart in public practice, whose role is invariably advisory. On the positive side, the training of chartered accountants in public practice can develop certain valuable qualities. These include the ability to adapt readily to any new situation, a substantial degree of self-reliance, and most importantly, a high standard of objectivity and integrity.

The extent to which we will acquire these qualities depends, of course, on the calibre of the individual concerned; but it also depends on the type of experience he has gained in public practice. Ideally, this should comprise a reasonable cross-section of

any needs of member firms without necessitating the use of expensive commercial employment agencies. Finally, it will establish a central word-processing unit to enable members to make use of this modern technology by sharing the cost. The idea is that such a service could handle routine work such as invoicing, which is at present done manually.

The training association is one of several new developments specifically designed to help small companies. Another, which also stems from the LCCI, is the London Enterprise Agency, in which nine large companies including Shell, Marks and Spencer and IBM, have combined with the chamber to help small firms.

Established last April, the agency gives assistance in the form of financial, management and marketing expertise rather than in cash handouts. The idea is being used in Birmingham and discussions are underway about the possibility of a similar scheme in Leeds. The hope is that the training personnel cooperative concept may also spread.

Patricia Tisdall

Why are salesmen being sold short?

According to the Institute of Sales Management (ISM) in Leamington Spa, the cost of salesmen's cars—mostly Ford, Vauxhall and BL—increased by 31 per cent last year to an average of £2,250. With last year's inflation of salesmen's overheads running at 15.9 per cent, increases in salaries have almost kept pace at 14.9 per cent giving an average income of £6,023 pa.

The ISM says that the total cost of keeping a salesman on the road is £13,500 (£221 per week and that the cost of the company vehicle is chief among these, with vehicle service and repair costs going up by 33 per cent last year.

Commenting on the low level of salesmen's salaries, Keith Brown, president of the ISM, says: "Beyond doubt an increasing number of company cars have been issued to employees as a method of circumventing or offsetting what otherwise would have been salary increases."

Trainer says this is regrettable because the thousands of salesmen who would be unable to discharge their important function without the use of a company car and to whom in no way is a car seen as a 'benefit in kind'.

"Holiday periods apart, sales personnel clocking upwards of 15,000 to 20,000 miles a year are only too pleased to leave the car in the garage at weekends."

With British salesmen so poorly rewarded, how is the nation going to sell itself out of its present troubles? Clearly, most companies do not value their salesmen very highly, in many cases no more highly than a short-hand typist.

In no way is a car seen as a 'benefit in kind'

A company car is not a perk to a salesman. Competitors cannot be beaten to new markets by bicycle, corporation bus or train. Yet companies which use the 'perk' car as a method of circumventing salary increases for salesmen in need of their cars, very often, curiously, throw in company cars to much higher-paid management executives who do not need them, purely as a means of increasing their salaries (and motivation) in a way that beats the taxman.

The British companies have got their priorities wrong in relation to rewarding and motivating salesmen. It is all too obvious to Mr John Fenton, director-general of the ISM. "Earlier this year, a GEC computer salesman topped his basic salary of £2,800 to total earnings of £40,000," relates Mr Fenton. "His reward was the back of the hand."

Mr Fenton, this summer, earned £102,000, which was £40,000 more than his chairman, Sir Arnold Weinstock. His reward was a renegotiation of his incentive scheme.

What is happening, we should ask ourselves, when British companies can afford to stop their super-salesmen selling and earning too much?

"Using the salesman's car to circumvent his salary increase is an appalling attitude for management to take. It is hardly surprising that the best and most able people in the country are not as attracted to a sales career as they are in the United States and West Germany."

Bob Crew

LETTERS TO THE EDITOR

Prato—a model textile enterprise

From the President of the Italian Chamber of Commerce for Great Britain

Sir, I have read with interest Ronald Kershaw's article "Wool textiles still beset by problems". It is not up to me to comment on the complaint of the British Government is not subsidising sufficiently the textile industry.

I must, however, take issue on the continuous accusations that the Wool Textile Manufacturers Federation keep throwing at Prato—namely, that of uncompetitive pricing received with monotonous regularity.

Recently the Federation sent to Brussels a long document saying that as its members were being beaten in price, the main complaint and the hidden subsidy was being given. Today it is said that the Italian textile industry is run by rogue workers who officially do not exist.

What a marvellous Government we have in Italy which seems to be capable of subsidising with excellent results not only in general but, more surprisingly perhaps, among even the most hardened drinkers.

However, the latter point, should not be belaboured. The whole point of making alcohol more expensive is to reduce the general level of consumption which, as has also been demonstrated, will prevent the escalation of alcohol abuse. It is changing a preventive measure and not one designed to treat the 700,000 or so alcoholics in this country.

Finally, if I may rectify one final error, the object of the exercise would not be to eliminate consumption, as Mrs White implies, merely to reduce it to more acceptable levels. If informed opinion gets its way then at least Mrs White will still have some beer in which to cry.

Yours faithfully, HOWARD RANKIN, Research Psychologist, Addiction Research Unit, 101 Denmark Hill, London SE5.

a non-existent workforce. In fact Prato is one of the most dynamic and impressive industrial complexes in the world. The workers, according to Mr Kershaw's informant, pay no taxes, no social security and no union dues. And always according to Mr Kershaw's informant, the Italian Government is powerless because the Communists would be upset if they did pay. No comment.

The truth of the matter is that today in many Woolmark qualities both in worsteds and in woollens the Italian manufacturer is unable to compete with his British counterpart. Undoubtedly apart from momentary difficulties in the trade which have nothing to do with non-existent Italian unfair competition, the enterprising and lively British mills have normally plenty of work and will continue to have in the future.

I am sure my friends in Prato would be delighted to show to the others how three

shift work can be a faster way of doing the most up to date machinery, how profit is increased by the owner out of the necessity of always to the bank, how fashion trends instantly followed, how is the essence and pace a way of life.

All this can now be here. Why not try and cure the premonition of field that this was country had for so long past, nor by lamenting unfair competition, or at least fatal competition, but by hard working, and enterprise as above available here.

I am Sir, Yours faithfully, MASSIMO COEN, President, Italian Chamber of Commerce for Great Britain, 20 Savile Row, London, W1X 2DQ, December 5.

Price as a factor in alcohol consumption

From Mr Howard Rankin

Sir, Mrs White's letter (December 3) on the relationship between alcohol consumption and price was full of sentiment but unfortunately riddled with misstatements and errors.

First, it has been quite adequately demonstrated by the informed, scientific community that availability, of which price is a significant determinant, influences consumption. It has been categorically shown that a significant increase in price reduces consumption of many items, including alcohol. Indeed there are now some formulae for working out this very relationship.

Secondly, it is important to realize that alcohol is getting cheaper every year in relative terms as successive increases (or lack of them) fail to keep pace with rampant inflation. The effect of these successive increases in taxation is to increase the alcohol problem because, thirdly, it has been shown that significant rises in cost would reduce consumption

not only in general but, more surprisingly perhaps, among even the most hardened drinkers.

However, the latter point, should not be belaboured. The whole point of making alcohol more expensive is to reduce the general level of consumption which, as has also been demonstrated, will prevent the escalation of alcohol abuse. It is changing a preventive measure and not one designed to treat the 700,000 or so alcoholics in this country.

Finally, if I may rectify one final error, the object of the exercise would not be to eliminate consumption, as Mrs White implies, merely to reduce it to more acceptable levels. If informed opinion gets its way then at least Mrs White will still have some beer in which to cry.

Yours faithfully, HOWARD RANKIN, Research Psychologist, Addiction Research Unit, 101 Denmark Hill, London SE5.

What's in a name?

From Mr G. F. Woodbridge

Sir, Since the correspondence on the subject of an appellation for engineers shows no sign of abating, would it help you to know that in Bridgnorth, we have no window cleaner? We do, however, have

a transparent-wall maintenance engineer.

Yours faithfully, G. F. WOODBRIDGE, Hallions Quay, Hallionsford, Worfield, Bridgnorth, Salop WV15 5LW.

Training for accountancy

From Mr M. D. B. O'Regan

Sir, I was interested to read Adrienne Gleeson's comments in her article on accountants (December 3), that the best training for graduates wishing to study for an ACA qualification is found in the big firms of chartered accountants. The article follows a general trend in the press, both national and professional, to regard the best training for accountants as rather wider view of accountancy training.

While it is true that the big firms offer a very good training much will be theoretical. A great deal of the practical experience for the student accountant will be on audits, often of several months duration, of large companies. These companies are likely to be so big that the student will seldom get close client involvement and much of his work will be checking the work of other qualified accountants employed by the client. The firm pressures involved tend to leave student accountants to excessive overtime with adverse effects on time available for study.

On the other hand, the student in the medium-sized firm will be gaining practical experience in audit and accountancy on several different companies in the time space. Work on these smaller clients, some

of which will be public companies, will give him a better practical experience of all the skills required of the accountant and what makes a company tick.

In addition the well organized medium-sized firms provide well thought out in-house and other training courses. As a result the whole training package for the student may well be better than that provided by the big firm. I should like to make it clear that in my view the big firms offer a very good training facility; but I do think it is essential for the general good of the profession, that articles in the national press like Miss Gleeson's do give a balanced view of the training facilities available in both big and medium-sized accountancy firms.

When considering which firms to make application to for a training contract, the graduate should bear in mind that big companies are likely to be so big that the student will seldom get close client involvement and much of his work will be checking the work of other qualified accountants employed by the client. The firm pressures involved tend to leave student accountants to excessive overtime with adverse effects on time available for study.

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Dol's energy conservation scheme

From Mr John Harvey

Sir, In his letter (Nov 23) Mr Rait says that he had decided upon a new way to convert waste into energy. Presumably they had lured the pay-back time of the investment and decided was worthwhile, with or out a grant.

Nevertheless, I have a little sympathy with Rait's criticism of the Department of Industry's Energy Conservation Scheme, months ago a study on we had embarked upon a to involving the scheme, dored on two counts.

The first was the testing requirements of scheme are so sophisticated the delay and general has setting them up is reason only for large industrial boilers which are reasonably efficient to 1 with.

The second count was there were features of the tem we were studying w if brought up to date, we have contributed significant energy saving. But Department of Industry, a Rait found, does not acknowledge the existence of syst only boilers.

Fortunately the Department of Energy does not take working firms lead me to Yours faithfully, J. HARVEY, John Harvey & Partners, 413 Sydenham Road, Croydon CR9 2LQ.

CHECKLIST

Royal Assent: *inter alia*, to the following Bills, on December 7: Charging Orders, Sale of Goods, Severa & Treat Water Authority, Felkstone Dock and Railway. Shipbuilding Bill: given second reading in the House of Lords. Employment Bill: to encourage wider use of secret ballots in trade union affairs; to provide greater protection to employees affected by the closed shop; to eliminate secondary picketing; to provide protection against coercive trade union recruitment; and to amend the employment laws to encourage employers to create new jobs, was published on December 7.

New safety regulations and safety codes: lead; safety signs and colours; notification of accidents and dangerous occurrences; diving operations; notification and survey of hazardous installations; first aid; cold and Cinematographic Film Act 1922 exemptions; asbestos insulation and sprayed coatings: all these are now in or through new consultative stage, and are likely to be submitted for ministerial approval during 1980.

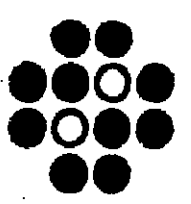
Pneumoconiosis: compensation scheme under Pneumoconiosis (Workers' Compensation) Act 1979, expected to come into operation on January 1.

NV Stoomy Maats "De Maas" v Nippon Yusen Kaisha: Mr Justice Parker found in the Queen's Bench Division that delivery of a telex is valid notice of arbitration, but that delivery takes place at local time at place of destination, not despatch.

Hampton (Inspector of Taxes) v Fortes Autogrill Ltd: Court of Appeal allowed Crown appeal against finding that expenditure incurred by catering company on installation of false ceilings in three restaurants qualified for relief against corporation tax in respect of capital expenditure on "the provision of machinery or plant for the purposes of trade".

Brazilian cruzeiros: devalued by 30 per cent on December 7. Port of London: charges are to rise by 10 per cent from January 1.

Sunderland: charges are to rise by 12 per cent in January.



Cedel S.A.
announces with pleasure
the establishment of its
London Representative Office
and the appointment of
David K. Dodd
as its London Representative

10th December 1979

77, London Wall, London EC2N 1BU
Telephone 01 - 628 0642

BY THE FINANCIAL EDITOR

A little local difficulty

So long as central government continues to borrow on the extravagant scale of recent years, it will also continue to incur a massive debt servicing burden—whatever the arguments about inflation and the real cost of debt.

Rightly, the Government is concentrating most of its attention on dealing with the underlying problem, reducing (or at least containing) the size of its borrowing requirement. Arguably, however, it has hardly been as imaginative or adventurous as it might have been in a period of high interest rates in trying to minimize the cost of future debt servicing.

The burden of debt servicing is, of course, one that applies to all parts of the public sector, not least to local authorities. Indeed, for them the problem is currently compounded by the fact that the Treasury requires them to borrow long under the Code of Practice introduced in the summer of 1977.

The Code was a perfectly prudent response to the sharp increase in short-term debt incurred by the authorities in the mid-seventies. It "suggested" (as a voluntary code) that authorities should progressively push out the average maturity of new debt from four years in 1977-78 to seven years by 1980-81.

The Code was, however, launched at a time when interest rates had fallen sharply, with yields on corporation stocks down to around 11 per cent, that summer and hopes high, presumably, that they would fall further over time.

In the present year the authorities are faced with the task of achieving an average maturity on new debt of not less than six years against a background of interest rates of 15 per cent plus for fixed rate money.

Hardly surprisingly, some of them feel that long-term borrowing at these kind of rates is unlikely to be the best of deals for the ratepayer. So they have asked the Treasury if a certain degree of flexibility might not be in order for the present financial year.

In the sense that the maturity lengthening already achieved has eased the annual refinancing problem quite considerably, there would seem to be a case for allowing such flexibility, particularly if the authorities can offer no guarantee that interest rates will fall sharply before the spring.

On the other hand, it is not entirely clear just how badly the authorities need additional flexibility. A fair amount of medium-term funding was done through the Public Works Loans Board in the April-June quarter.

More recently, against a background of rising interest rates, stock issues have certainly dried up, and a number of authorities have also dropped out of the local authority bond queue. There is no particular evidence that local authorities have been making exceptionally heavy calls on short-term money instead, though whether that reflects the holes in the banking "corset" or the authorities' own belt-tightening might be a moot point.

While investment trusts have regained a little of their tone over the past two weeks, the debate over the function continues. Later contributor to it is stockbroker Laing & Crickbank, which considers in its year-book the immediate and longer-term prospects for a sector which it describes with cruel but accurate precision as "all dressed up with nowhere to go".

Laing dismisses the option to specialize on the argument, first, that if institutional holders were buying and selling for the specialization, the likelihood is that discounts would widen out, rather than narrow; and second, that existing shareholders of broadly-based trusts ought at least to be given the option to decline the change, and preferably the opportunity to get out at something nearer asset value than the market will provide.

But it is no keener on the "global" money management argument, either—as they point out, the trusts, as closed-ended funds, would have extreme difficulty in producing a performance any better than their institutional investors could achieve for themselves.

St Piran

No longer a 'grey area'

The Stock Exchange could decide to restore the St Piran share quotation today. That would be a mistake. The Takeover Panel's inquiries are continuing, along with

other investigations in Australia, Hongkong and Singapore. Moreover, with the annual meeting only four days away, shareholders have yet to receive satisfactory answers to vital questions: who controls their company and were the auditors' qualifications fair?

The question of control arose 18 months ago when St Piran built up a stake in A. Monk, the civil engineer. Then as now the issue was the extent of the influence exercised by Mr J. J. Raper. Since that date inquiries have been conducted by the Takeover Panel, the Department of Trade, and independent shareholders, but without conclusion.

Nevertheless, it is widely believed by shareholders that Mr Raper controls some 40 per cent of St Piran. That is rather more than the directors imply in their latest circular and certainly more than his 1,000 shares registered holding. Shareholders deserve to know the exact position. Yet the Stock Exchange's Quotations Committee proposes a reorganisation without waiting for the Takeover Panel's report, or at least, without making its deliberations known to shareholders.

The Department of Trade likewise has taken no official action to force a company—which by one of its director's public admission has been without a finance director for a year—to satisfy its owners' reasonable doubts.

It seems the shareholders are confounded. If the surmise about Mr Raper's influence is correct, and if he enjoys the support of the board, no amount of protest by other shareholders will produce enough votes to alter the balance of forces. Only a rigorous investigation by a public body can do that, for this is no longer simply a "grey area", as the Stock Exchange suggests.

Equities

Sideways for the moment

Where does the equity market go from here? The answer, almost certainly, is sideways. Even the prospect of a pre-Christmas rally looks improbable.

The Government appears to have little room for manoeuvre on interest rates despite the expectation that monetary expansion will soon slow and the evident easing of the funding programme following the 17 per cent minimum lending rate.

Tomorrow's banking figures, may not help either. Advances are still growing too fast for comfort and what evidence there is suggests that credit demand is remaining at a high level into the December banking month.

So it looks as if the equity market will have to live with an unusually high reverse yield gap of around 8 points at a time when there are question marks over the level of dividend payments that in many cases are only just covered on a current cost accounting basis.

Poor company news is now coming through thick and fast. True, the engineering strike is confusing the picture, but results from GEC, Pilkington, Becton and Racal not to mention many second-liners suggest too that the recession is beginning to take hold.

The November wholesale price figures showed that manufacturing companies are facing hefty raw material price rises even if the miners' settlement is a pointer that wage inflation may not turn out to be as much of a problem as it seemed even a few weeks ago. Moreover, there are still the Opec price increases to come and sterling's strength threatens to cut deeper into exporters' margins.

Most forecasts see the 1980 recession cutting growth by around 1-2 per cent. Meanwhile, the outlook for corporate liquidity is deteriorating although analysts like Hoare Goveett and Phillips & Drew make the important point that in real terms the deficit expected next year will be nowhere near as bad as 1974-75.

Corporation profits look as though they will decline by around 3 per cent next year according to Hoare which will limit dividend growth to around 6-7 per cent.

Last week's figures from the Department of Industry showed that corporate liquidity had started to deteriorate and if Phillips & Drew is right companies will be looking for £4,500-£5,500m from external sources against only £1,000-£1,500m on average over the past three years. That will be reflected in heavy pressure on some balance sheets.

New York

Last week the dollar came perilously close to falling through the important psychological barrier of Deutsche mark 1.70. It was even weaker than before Mr Paul Volcker shook America on October 6 by raising interest rates to record levels.

Thus, in only two months, the positive effects of the Volcker measures—raising interest rates, tightening monetary policy and imposing reserve requirements on Euro-dollar borrowings—have been discounted in the foreign exchange markets.

Obviously, over this period, the Iran crisis has had a radical effect on the markets with the shock impact over-riding purely economic criteria in the minds of virtually all international investors. Yet, as the international financial system is subject to shock after shock, it is the foreign exchange market and trading currency which usually suffers worst.

The point is that the dollar accounts for about three-quarters of the world's investment reserves held in the form of foreign currency. This applies both to central banks (with Opec nations having well over 90 per cent of their reserves in dollars) and to private investors in the international market.

For example, the gross size of the Euro-currency market is now over \$1,000,000m with more than \$700,000m in the form of dollar deposits.

Thus, as the political and economic environment becomes increasingly uncertain, investors try to spread their assets into a variety of currencies and assets. Given that the dollar is so preeminent, any movement towards asset diversification adversely affects that currency.

The international financial system is now inherently unstable. Another area of concern is the behaviour of international interest rates. The immediate effect of the Volcker measures was to raise dollar interest rates by about 2 per cent with the 30-day Euro bill rising from 14 to 16 per cent.

At first, Deutsche mark and other interest rates rose only modestly so that the interest rate differential in favour of dollars rose to over 7 per cent per annum. But that has since changed dramatically.

Interest rates outside the United States have risen very sharply in the past few weeks with German rates increasing by 1.5 per cent, British rates by nearly 3 per cent and Swiss short-term rates by over 4 per cent.

'There is no question whatsoever that the international financial system is moving away from a totally preeminent dollar. This is a long-term trend which has been speeded up by concerns about American inflation and the balance of payments'

At the same time, United States interest rates have begun to ease so that the interest rate differential in favour of dollars is at present no better or worse than before October 6. However, there are good reasons why interest rates are beginning to fall in the United States and equally good reasons why they are rising in Europe and Japan.

The evidence is mounting that the United States' economy is losing momentum, even if a recession is not yet just around the corner. The Federal Reserve seems to have the money supply under control and loan demand is weakening.

Also—and this is not totally understood outside the country—the Fed has changed the method of monetary control. It is paying less attention to the short-term behaviour of interest rates. So market pressures have helped to push down interest rates and the Fed has not resisted.

On the other hand, worries about money supply growth and inflationary pressures in western Europe have led central banks to raise interest rates. In addition, and despite protestations to the contrary, most governments have fallen in love with the idea of an appreciating currency (or currencies) to a great extent stop a currency from depreciating.

This raises the danger of what may be described as the new "Triffin dilemma". If countries want their currencies to appreciate then at least one currency, the denominator of the system (the dollar) has to fall or, at best, cannot increase in value over any sustained period of time. This escalating interest rate competition and lack of monetary cooperation helps to add to the instability of the system with none of this lost in

Geoffrey Bell

Easing the strain on the dollar

transaction would also minimize the risk that asset diversification by some central banks would trigger private sector short-term speculative movements of capital.

The recommendation is that initially such facilities should be offered only to central banks and not to private holders. Some central banks have proposed this to the German authorities and would be willing to relate purchases to the needs of trade and regard their holdings as being of a long-term nature.

On the other hand, they do not want to buy long-term bonds, having a preference for deposits even if they would be rolled-over on a continuous basis.

Finally, Mr Volcker and Mr William Miller, Secretary of the Treasury, might consider operating a special substitution account at the New York Federal Reserve.

Rather than issuing carrier bonds, which raise foreign exchange for later exchange market intervention, the idea would be for the United States Treasury (through the Fed), to offer non-resident investors foreign currency denominated assets in return for dollars.

If the holder wanted Deutsche mark bonds, then the Treasury would offer bonds denominated in marks with the exchange rate fixed at the time of purchase. The issues would be on a "pay as you go" basis but the amount limited to (say) \$20,000m.

This would mean that the United States would accept the foreign exchange risk (as it does with carrier bonds). But the United States would be acting in concert with those countries expanding the reserve asset role of their currencies. The scheme would also reduce the domestic monetary implications of an expanded role for the mark, yen, and other currencies, as the assets issued to the investor through the Fed would be denominated in foreign currencies and so have no expansionary impact on any money supply.

Operating in this way could help to break the impasse by persuading other countries to assume the increased role of being a reserve currency by demonstrating international monetary cooperation dramatically to the markets.

Thus, the next move for the United States should be to tackle a structural problem of the dollar by structural reform and not by domestic economic policy alone.

The author is a director of Schroder & senior adviser to Schroder (New York).

Patrick Knight reports on the steps being taken to bolster the fortunes of the cruzeiro

Brazil attempts to put its house in order

São Paulo

The economic reform package announced on Friday by General Joao Baptista Figueiredo, Brazil's president, includes a 30 per cent devaluation, and measures to stimulate exports and curb imports.

The reforms will have a profound impact on Brazil's economy, which is passing through its deepest crisis for many years. The visible trade gap will be more than \$2,000m this year. Capital repayments of more than \$10,000m are having to be made to service and amortise parts of the \$50,000m debt from new borrowings and reserves.

Inflation is now running at about 12 per cent. So it is clear that radical measures were needed if the confidence of foreign investors was not to be lost.

The question is, can the negative consequences of the new measures be contained, at a time of increasing social unrest, when increased demands are being made on the system by those who have until recently benefited little from Brazil's industrial growth? Or

will the negative effect of the new measures provoke a new social crisis?

The main thrust of the new measures is to hold back what is seen as the sufficiently strong industrial sector and force it to fend for itself under free market conditions. At the same time, the plan is designed to encourage the food producing sector, which has been neglected by successive governments, both to earn more by exports and to feed the people more cheaply.

Regulations which required overseas borrowers to leave their borrowings on deposit with the central bank for a period, and receive interest on them, are being rescinded. Similarly, a 100 per cent deposit regulation for importers has also been rescinded. Tax on profits being remitted by overseas investors will fall from 12 to 11 per cent.

Brazil's imports range is narrow, so it is the exporting part of the equation which will be most affected. Half of this year's import bill of \$14,000m is for oil, another quarter goes

on capital goods for industry, while chemicals, fertilizers and some non-ferrous metals complete the picture.

Wheat is the only large agricultural import made in normal times, although this year's balance of trade has been greatly worsened by the need to import other foodstuffs because of crop failures. The import bill for foodstuffs this year will be \$2,000m.

Wheat will also be the main commodity affected by new restrictions on subsidies which will have a ceiling of 40 per cent. At present wheat receives a 100 per cent subsidy; it will cost Brazil \$700m to import this year.

The reduction of this subsidy will have a big impact on the cost of food prices of which have virtually doubled during the year.

In an effort to curb inflation, monetary correction—which can be paid under Brazil's complex system of indexing, designed to safeguard incomes, savings and rents from inflation, but now tending to fuel it—will have a ceiling of 40 per cent put on the adjustment permitted for 1980, whatever the rate of



General Joao Baptista Figueiredo, Brazil's president, letting industry fend for itself, and encouraging the farmers to increase production.

inflation might be next year. Last Friday's measures came on top of a rise of almost 60 per cent in the price of petrol two weeks ago, as well as recent massive rises in the cost of utilities, where rates have lagged behind inflation in recent times, starving them of funds needed for investment. Most utilities will be able to import in 1980 only 80 per cent of what was bought overseas this year.

Brazil's balance of payments is in a serious condition. It is only the confidence of lenders in the country's longer-term potential, coupled to the fact that it is inconceivable that the largest debtor in the third world, will get into serious economic difficulties which allows favourable international borrowing terms.

Brazil's ratio of debt to export earnings is at the highest level of recent years, and will remain in dangerous imbalance for at least two years.

Hopes are high for a bumper harvest in 1980, following the large support prices increases which have been given to farmers. It is hoped that at least \$2,000m more can be earned from food exports in 1980 and crop yields will greatly increase for the non-market and possibly eliminate imports.

New exports in such items as bauxite, steel, and cellulose will be making an increasing contribution to export earnings in the next two years while imports of copper and aluminium will start to fall as new projects come on stream.

The beginnings of the pay-off from Brazil's massive oil borrowing for motor-fuel programme should also start to be felt in a couple of years, as too the benefits from the long-delayed offshore oil programme.

Business Diary profile

Today's meeting of central bankers in Basel marks the end of one of the longest double acts in recent international monetary history.

Oskar Emminger, president of West Germany's federal bank, makes his last appearance at the monthly gathering of central bankers at the Bank for International Settlements in the company of his successor and present deputy Karl-Otto Poehl.

Although the two men have been in their posts for only two and a half years their partnership goes back to the end of 1972. It was then that Poehl was appointed state secretary at the Bonn Ministry of Finance and given responsibility with Emminger, then vice president of the federal bank, for guiding West Germany through monetary storms of the 1970's. There is a marked contrast in character and career between the present and future defender of the Deutsche mark.

Emminger, retired after a career in the West German central banking system that spans more than a quarter of a century. He joined the Bank Deutsche Lender, the forerunner of the present federal bank, in November 1950 and became a director in 1953.

Seventeen years later he was appointed vice president of the federal bank and was finally named president in 1977 at the age of 65.

Throughout he has been ubiquitous on the international monetary scene. He has travelled hundreds of thousands of miles from one monetary conference to another. Generally exuding optimism, he has

brought great technical skill to bear on problems of the day. Whether it was the dollar, sterling or the lire that needed propping up or rescuing, the two-tier gold price was established.

But it is not just as the "saviour" of the international monetary conference during his period of office. That was in March, 1968, when the two-tier gold price was established.

But it is not just as the "saviour" of the international monetary conference during his period of office. That was in March, 1968, when the two-tier gold price was established.

Although Germany's present inflation rate is around 5.7 per cent compared favourably with a British rate moving towards 20 per cent, it is far too high for Oskar Emminger. Accordingly he did not hesitate at a recent meeting of the bank's central council to push through a further tightening of monetary policies against the wishes of the finance ministry in Bonn.

Many expect that Karl-Otto Poehl will be a rather more easy-going president of the federal bank than Emminger, finds it difficult to conform to the austere image normally associated with his chosen profession. He has a lively sense of humour and a mischievous twinkle. He can be very irreverent.

It is hard to imagine him submitting cheerfully to the tight security precautions that go with the new job. But there is certainly no question as to his ability and he has made it to the top after a remarkably varied career.

Poehl was only 15 when the war ended and his first task was to catch up on his education. He eventually studied economics at Göttingen, graduating in 1955.

His career got under way in 1960 when he went as a department head to an economic research institute in Munich. Between 1961 and 1967 he was an economics journalist in Bonn, working for a private newsletter, as well as magazines and the radio.

In 1968 he left journalism to join the management of the private banking association. In 1970 he was brought into the Bonn economics ministry by Karl Schiller, the then minister.

The following year he moved on to become economic adviser to Willy Brandt in the Chancellery before taking over as state secretary at the finance ministry in December, 1972, under Helmut Schmidt.

Poehl's responsibilities were not confined to international affairs in the finance ministry. It was Poehl who was responsible for new banking legislation after the collapse of the Herstatt Bank in 1974, proving himself a canny debt manager as



The 5.7 Per Cent Solution, or, Oskar and Karl-Otto Takes On Inflation: outgoing Deutsche Bundesbank president Oskar Emminger (left), and his successor, Karl-Otto Poehl.

HERMAN SMITH LIMITED

Extracts from the annual statement by the Chairman

Mr. Michael Herman-Smith:

After 61 years Mr. Herman G. Smith vacated the Chairmanship which he has held so effectively through good times and bad. He will continue to serve as an executive Director.

The Group made a trading profit for the year ending 30th June 1979 of £259,545 subject only to tax which compares with a loss of £27,195 for the previous year. A final dividend of 0.23p makes a total of 0.46p per share on the present issued Ordinary Share Capital.

HERMAN SMITH (PRECISION ENGINEERS) produced a satisfactory profit. Demand from customers in the Aircraft and related industries continues at a high level, particularly with regard to precision machining, and prospects for further improvement are favourable.

HERMAN SMITH (ELECTRICAL ENGINEERS) increased its turnover and provided significant profits for the Group. The present workload and potential business should ensure its progress.

HERMAN SMITH (PRESSWORK) has made a good recovery and a much improved contribution to Group profits. Orders and enquiries are buoyant at the present time.

GENERAL I have been encouraged by the all-round improvement in the results of the Group during the second half of the year but, trading in the first half of our financial year is always distorted by holidays and, in this current year, we have also lost production due to the dispute in the Engineering Industry. It cannot be expected, therefore, that results for the 28-week period ending 12th January 1980 will be on a pro rata basis.

In the present climate it is very difficult to forecast the outcome for the full year, but I shall be disappointed if our profits are not, at least, maintained.

Copies of the Report and Accounts can be obtained from the Secretary, Cinderbank Works, Dudley, West Midlands DY2 9AH.

Peter Norman

**LET THE GIN BE
HIGH & DRY!**

Really Dry Gin

A black and white photograph of a bottle of Really Dry Gin. The bottle is dark with a light-colored label that features the brand name and some decorative elements. The bottle is positioned on the right side of the advertisement, next to the headline.

Stock Exchange Prices

Capitalization and week's change

ACCOUNT DAYS: Dealings Begin Today. Dealings End, Dec. 27. & Contango Day, Dec. 28. Settlement Day, Jan 7

§ Forward bargains are permitted on two previous days

(Current market price multiplied by the number of shares in issue for the stock quoted)

John Foord

plant and machinery valuers

[illegible]